

July consumer index up record 9.2 per cent

Post Economic Reporter
July's consumer price index jumped by 9.2 per cent, it was announced yesterday. This boosts the annual rate of inflation for the first seven months of the year to 130 per cent. The cumulative price increase since the beginning of the year is 63.7 per cent.

The price increase in July, 1981, was 6.1 per cent and in July, 1980, 4.4 per cent.

July's steep price rise — a record for the third month running — demonstrates the steady acceleration of inflation in the price of all consumption goods, partly the result of government-decreed increases.

A Treasury spokesman yesterday said that if the effect of the higher phone, postal rates and fares — Page 3

government-determined price increases is deducted, the rate of inflation is the same as last month. He added that the increase in food prices is the result of the war in Lebanon and reflects the first effect of the war on inflation.

The compulsory war loan has so far had no effect on the rate of inflation, and the cost of housing has had a mitigating effect because housing prices have risen less than the price index.

The recent price increases of food, electric power rates, fuel and water have already raised the consumer price index for August by 2.5 per cent.

While the consumer price index for July was unprecedentedly steep, it was still lower than the other indices. Thus, the industrial wholesale index, which tends to lead the consumer price index by some two months, rose by 10.7 per cent (71.4 per cent since January), and the input price index for construction jumped by 17.1 per cent — 81.7 per cent since the beginning of the year.

The input price index for road construction rose by 15.6 per cent, and the input price index for agriculture went up by 12.8 per cent.

The main contribution to July's increase of the consumer price index came from food prices, which went up by 12.8 per cent. Transport and postal rates rose by 10.7 per cent, health care increased by 14.7 per cent when premiums to the health insurance funds were raised by 20.5 per cent. The prices of vegetables and fruits, which normally fall in July, rose by 6.8 per cent.

Household maintenance costs went up by 6 per cent, as a result of the increases in the prices of electric power, cooking gas, heating fuel and household help. The cost of furniture and electrical appliances went up by 10 per cent, mainly as a result of the devaluation of the currency.

The quarterly survey of housing costs published yesterday shows that flat prices rose in the last three months by 17.6 per cent, on the average. This is considerably below the rise in construction costs during this period.

Airline still booking Sabbath flights

Aguda insists El Al will obey the cabinet

By JOSHUA BRILLIANT
Jerusalem Post Reporter
TEL AVIV. — A senior El Al source yesterday said the national carrier will continue Sabbath flights for at least six more months, even though Agudat Yisrael is fighting for an end to such flights in a fortnight.

In Jerusalem yesterday, the cabinet condemned "the shameful and violent behavior" of some El Al employees last Thursday and Saturday.

The issue was raised after Transport Minister Haim Corfu asked for the cabinet's formal endorsement of its decision to stop El Al from flying on the Sabbath and Jewish holidays, so that he could bring the matter before the Knesset Finance Committee as required by law.

The El Al source told The Jerusalem Post last night that the ministers had decided the cessation of flights should not come to a break contracts. He argued that every reservation El Al accepts is tantamount to a contract. Since El Al is still accepting reservations and signing agreements with travel agents for Sabbath flights, it is bound to continue them, the source said.

But the executive of the ultra-Orthodox party's central committee instructed its Knesset members to act decisively to stop those flights, and MK Rabbi Menachem Porush threatened that ultra-Orthodox Jews will boycott the national carrier if it continues the flights.

particularized over the El Al workers who last Thursday delayed the entry of ultra-Orthodox Jews to the Ben-Gurion Airport terminal and who on Saturday tried to demonstrate on the Ramat Road in Jerusalem.

In very emotional speeches at the Witzitz Hotel in Benet Brak, Agudat Yisrael leaders likened the El Al workers' actions to the Nazis. MK Avraham Shapira said the workers had acted "like in Nuremberg," using "Hitler's methods." MK Rabbi Porush said the refusal to allow into the terminal the black-clad people "who bear the Jewish image" brought back memories. "We thought that in this generation we'd never see people pointing at us, saying, 'He's a Jew and therefore will not enter,'" Porush continued.

The Aguda leaders maintained the El Al workers wanted Sabbath flights to continue because each ground worker got a 350 per cent payment for working on Saturdays, in addition to a day off. That means 425 per cent pay, Shapira said.

A cessation of Sabbath flights would not necessarily cause the dismissal of 300 workers as El Al had claimed, Rabbi Pinhas Menachem Alter argued. Workers could stop overtime work, he said.

Two participants were in uniform and speakers criticized the El Al workers for saying their camp was shirking military duty. They recalled that the woman knocked to the floor at the airport, beaten and spat at was Hanna Moskowitz of Haifa (Continued on Page 2, Col. 1)



Military policemen who form part of the Italian contingent for the multinational force to be stationed in Beirut, assemble in Milan yesterday. (UPI telephoto)

Italy loading ships with men for Lebanon

BRINDISI, Italy (UPI). — The Italian Navy yesterday began loading a battalion of soldiers and army vehicles aboard two ships for use in the multinational peacekeeping force in Lebanon.

The 200 vehicles, including armored personnel carriers, trucks and ambulances, began arriving at this southern Adriatic port yesterday aboard train convoys and were being loaded aboard the 8,000-ton naval transport ships Grado and Caorle, port officials said.

The vehicles belong to the Government of the Italian army's crack Bersaglieri troops, 530 of whom will be taking part in the multinational force designed to facilitate the exodus of the PLO from Beirut.

Army officials said the loading operation would be completed by tomorrow.

The Italians are taking part in the force along with military personnel from France and the U.S.

2 wounded soldiers die, Syria has IDF captives

Jerusalem Post Staff
Two soldiers wounded when a booby-trapped car exploded Saturday in Bhamdoun, along the Beirut-Damascus road, died of their wounds yesterday. Three other soldiers were wounded in the blast.

Samal Rishon Menashe Aharon, 36, will be buried at 4 p.m. today in the military section of the Holon Cemetery. Samal Shlomo Barak, 27, will be buried at 4.30 p.m. at the Rehovot Cemetery. (Soldier buried, Page 2)

The Lebanese front was quiet yesterday, with no exchanges of fire reported in Beirut or the Bekaa Valley.

The Israel Defence Forces did not respond, other than locally, to several terrorist violations of the cease-fire in the Bekaa over the weekend.

The International Committee of the Red Cross announced yesterday that it had received notification from Syrian authorities that Syria is holding two Israeli soldiers prisoner and has the body of an Israeli Air Force pilot.

The IDF prisoners are Gil Fogel, an air force crew member, and Ariel Lieberman.

The name of the dead pilot is Aharon Katz. (Continued on Page 2, Col. 2)

Lebanon, 'not I', to decide on peace with Israel — Jemayel

RIYADH (AP). — Lebanese Christian forces leader Bashir Jemayel said yesterday it would be up to the Lebanese people to decide whether they want to conclude a peace treaty with Israel after Thursday's projected presidential elections in Lebanon.

The statement was made by Jemayel, the only candidate in the election, in an interview with the Saudi afternoon newspaper Al-Jazeera.

"If you were elected president of Lebanon, will you sign a peace treaty with Israel?" Jemayel was asked.

"I do not have this right," Jemayel replied. "This is something to be decided by all the Lebanese, and I am one of them."

Jemayel and two of his closest aides, Karim Bakradoni and Joseph

Abu Khalil, stressed Lebanon's "Arab character" and denied throughout the interview there was a military alliance between the Christian forces of their Phalangist party and the Israeli invasion force in Lebanon.

"We were faced with two choices, the best of which tasted bitter," said Abu Khalil in describing de facto cooperation between the Phalangists and Israel.

"Would I have been able alone to face a 120,000-strong modern army when all the Arab countries have not been able to do so?" asked Jemayel.

"We did not aid the Israelis," he added. "They know every inch in Lebanon and in all Arab countries. They did not need help from anyone."

(Continued on page 2, col. 7)

Israel concessions seen paving way to accord

PLO said leaving Beirut on Saturday

BEIRUT (AP). — The evacuation of the Palestine Liberation Organization from West Beirut has been tentatively scheduled to begin on Saturday, Lebanese Foreign Ministry sources disclosed yesterday.

The sources, who are close to the evacuation talks, said the Lebanese government and the PLO are convinced that U.S. presidential envoy Philip Habib would wrap up the PLO withdrawal arrangements in his talks with Israeli leaders in Jerusalem yesterday.

A PLO-Lebanese joint military committee set the tentative deadline that was passed to military experts from the U.S., France and Italy, who are readying plans for the deployment of a multinational peacekeeping force in West Beirut, the sources said. They requested anonymity.

The PLO and the Lebanese government insist that at least an advance party of the multinational peace force be deployed in West Beirut on the day the PLO begins to leave.

However, Lebanon's state radio and television said both the government and the PLO had given Habib a free hand to suggest the advance party be made up of Italians, if Israel remained sensitive about an early French deployment.

There were reports in Beirut yesterday that the PLO has agreed to evacuate all its members by sea, dropping its previous insistence that the bulk of them be evacuated overland to Syria and then by air from Damascus to other Arab countries.

According to these press reports, all 7,100 terrorists would be taken by French, Italian and Greek ships to Syria, Jordan and Egypt. From Jordan, some will go to Iraq overland and from Syria, some, including Yasser Arafat, would go to Tunisia by plane.

Lebanese radio and TV also said (Continued on Page 2, Col. 6)

By ASHER WALLFISH
and DAVID RICHARDSON
Jerusalem Post Reporters

American mediator Philip Habib returns to Beirut this morning reportedly gratified with a number of Israeli concessions which are likely to produce agreement on the PLO exodus from the Lebanese capital within a few days.

The cabinet withdrew its objections to the arrival of the French contingent to the multinational force on the first day the PLO starts leaving. During the weekly cabinet session yesterday, a commitment arrived from Paris that the French government would pull its contingent out if for any reason the PLO exodus should halt. This was in response to an Israeli demand which the Italians and the U.S. governments had said all along they were willing to accept.

The rest of the multinational force will reach West Beirut after the bulk of the PLO have left.

The cabinet no longer demands a list of the names of all the PLO men due to leave West Beirut as a *sine qua non* for agreement.

However, in order to make sure that all PLO men do quit, it has proposed that the PLO give its list of names to a third party, such as mediator Habib, or the Lebanese government.

Former Lebanese prime minister Sa'ab Salem, who is playing a key role in the negotiations with the terrorists, said yesterday that Lebanese authorities would check scrupulously each terrorist to leave Beirut, and this would be done in coordination with the multinational force.

Habib yesterday gave his Israeli interlocutors a list of the Arab countries accepting PLO men, and the number due to go to each country. Most of the 7,000-plus men referred to in his list will be going to Syria, Jordan and Iraq. None have been accepted in Egypt. Other Arab countries are accepting small groups.

Israel already has information that the PLO has made preparations to leave a number of underground cells behind with stocks of weapons. The PLO controls the Lebanese Interior Ministry building and is as-



U.S. special envoy Philip Habib waves to reporters before entering the Prime Minister's Office yesterday. (Rahamim Israeli)

sumed to have stolen quantities of identity documents to enable members staying behind to pass off as Lebanese.

Prime Minister Menachem Begin, Defence Minister Ariel Sharon, and Foreign Minister Yitzhak Shamir told Habib yesterday that one demand on which Israel would brook no compromise was the return of IDF pilot Aharon Ahiaz from PLO captivity, and of nine bodies of IDF soldiers killed in the 1978 Litani operation and buried somewhere in Beirut. They also referred to missing persons.

The return must be carried out before the PLO evacuation starts, they said. The handover can be made to the International Red Cross. A cabinet source said there would be no bargaining over this demand.

After the evacuation, the matter of releasing PLO men held in Israeli captivity could be aired through the International Red Cross, a cabinet source said. Contacts with Syria about the exchange of prisoners of war had made some progress, the source said.

Begin and his colleagues promised Habib that all IDF roadblocks on the Beirut-Damascus highway would be removed when the evacuation takes place. The

(Continued on page 2, col. 6)

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White House 'stage-managed' Begin-Reagan confrontation

By DAVID RICHARDSON
Jerusalem Post Reporter

A senior government source in Jerusalem yesterday suggested that the White House, to a large extent, stage-managed last Thursday's confrontation between President Ronald Reagan and Prime Minister Menachem Begin in order to convey the incorrect impression that Israel had succumbed to American

pressure when it halted air strikes in Beirut.

Government displeasure at the way the series of presidential and diplomatic contacts was portrayed, particularly in the American press, emerged during yesterday's cabinet session. The prime minister read the exchange of letters between himself and the president. In the discussion that ensued, Defence Minister Ariel

Sharon complained that the impression conveyed in the news media had immediately bolstered the morale of the PLO forces trapped in Beirut.

According to the source, the cabinet decided to halt the air strikes last Thursday afternoon during a meeting in the Knesset independently of messages and complaints — let alone threats — from

the American president. U.S. Ambassador Samuel Lewis had indeed called the Prime Minister's Office at about 2 p.m. to complain about the intense air raids but had not conveyed any threat.

He also informed the Prime Minister's Office that special U.S. envoy Philip Habib was unable to continue his negotiations in Beirut (Continued on page 2, col. 6)

Theft of scripts at Galei Zahal called 'an inside job'

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — The scripts of all but the last five "Nachon Le'achshav" ("Right Now") programmes which were broadcast on Galei Zahal since the beginning of the Lebanon war were stolen over the weekend from the army radio station in Jaffa. "Nachon Le'achshav" host

Yitzhak Ben-Ner and programme editor Yossi Ozrad were shocked yesterday morning when they entered their office and found the metal cabinet holding all the scripts wide open and the floor piled with files and papers. The only things missing were the past two months' handwritten scripts of the morning talk programme.

The empty file in which the scripts were kept was later found in the next office. Among other people using that office is one of the two station workers who recently handed Chief of Staff Rafael Eitan a list of complaints about workers and programmes they thought "left-wing" and harmful to the state, station workers said.

Rafael Eitan a list of complaints about workers and programmes they thought "left-wing" and harmful to the state, station workers said. The station commanders notified the military police and other authorities of the theft. Galei Zahal workers are certain the theft was an "inside job," as only someone who works in the station would be able to enter its offices freely, and would know where the various scripts are kept.

Ben-Ner, who has been extremely popular since he started hosting "Nachon Le'achshav" about 18

months ago, was the subject of complaints by the station's two "informants" for noting one morning on his programme: "30 days to the black frames in the newspapers."

Two journalists who served reserve duty at Galei Zahal, Dan Shilon and Ariel Cohen, were recently fired for voicing opinions critical of the government.

It was also learned yesterday that television military reporter Ron Ben-Yishai has been asked by Defence Minister Ariel Sharon and by Eitan to become the next officer in charge of Galei Zahal. It has been known around the station for some time now that Sharon wants to replace the present officer in charge, Zvi Shapira, and his assistant, Elon Shalev. Ben-Yishai said yesterday that he "tends" to accept the offer. He will probably be replaced by TV reporter Dan Semama.

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BUEENOS AIRES	10-15	11-16	12-17
CHICAGO	12-18	13-19	14-20
COPENHAGEN	12-18	13-19	14-20
FRANKFURT	12-18	13-19	14-20
GENEVA	12-18	13-19	14-20
HELSINKI	12-18	13-19	14-20
HONG KONG	20-25	21-26	22-27
JERUSALEM	12-18	13-19	14-20
LONDON	12-18	13-19	14-20
MADRID	12-18	13-19	14-20
MONTREAL	12-18	13-19	14-20
NEW YORK	12-18	13-19	14-20
OSLO	12-18	13-19	14-20
PARIS	12-18	13-19	14-20
RIO DE JANEIRO	12-18	13-19	14-20
SAO PAULO	12-18	13-19	14-20
STOCKHOLM	12-18	13-19	14-20
TOKYO	12-18	13-19	14-20
TORONTO	12-18	13-19	14-20
VIENNA	12-18	13-19	14-20
ZURICH	12-18	13-19	14-20

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THE WEATHER

Location	Yesterday's	Today's	Max	Min
Jerusalem	21	28	30	18
Golan	18	25	28	15
Nahariya	25	32	35	22
Safad	25	32	35	22
Haifa Port	25	32	35	22
Tiberias	25	32	35	22
Nazareth	25	32	35	22
Afula	25	32	35	22
Shomron	25	32	35	22
Tel Aviv	25	32	35	22
B-Q Airport	25	32	35	22
Jericho	25	32	35	22
Gaza	25	32	35	22
Beersheba	25	32	35	22
Eilat	25	32	35	22

SOCIAL & PERSONAL

Japanese Ambassador to Israel Harunori Kaya recently presented 25 volumes containing reproductions of works by Japanese artists to Haifa's Tikotin Museum. The books were donated by the Japan Fund.

Admiral and Mrs. Hyman Rickover and his party yesterday visited the Weizmann Institute of Science and were the luncheon guests of Institute president and Mrs. Michael Sela. Also present were Professors Israel Dostrovsky, Ephraim Katzir, Chaim Pekeris and Leo Sachs.

DEPARTURES

Finance Minister Yoram Aridor, for a 10-day visit to Jewish communities in various cities in North and South America.

Soldier buried

TEL AVIV (Itim). — Seren Daniel Silber, 21, who was killed last Thursday in Beirut, was buried yesterday in the military section of the Kiryat Shaul Cemetery.

Silver was captain of the Hapoel Ramat-Gan youth sports team before being inducted into the Israel Defence Forces, where he rose quickly to the rank of captain in the Golan brigade.

He was killed by terrorist fire when he left his jeep to rescue wounded. His funeral was delayed until yesterday to allow his parents to return from France, where they are serving as emissaries. Two older brothers also survive.

AGUDA-EL AL

(Continued from Page One)
— whose son fell in the Yom Kippur War.

Accordingly they demanded that Interior Minister Yosef Burg — who is responsible for the police — prosecute the organizers of the Thursday incident and Saturday demonstration. The latter was to have been a provocation against a religious quarter, they said.

However, a suggestion they boycott the airline next month unless the workers apologize was dropped. "Tomorrow they'll throw us off the train — so we won't go by train," Rabbi Shmuel Minz asked. "El Al was built with our tax money," he stressed.

HOME AND WORLD NEWS

Begin urges closing ranks, end of criticizing Sharon

By ASHER WALLFISH
Jerusalem Post Reporter

The cabinet closed ranks yesterday and swept the complaints about Defence Minister Ariel Sharon neatly under the carpet in a demonstration of solidarity.

"It's a matter of one for all and all for one," Prime Minister Menachem Begin told his colleagues at a convenient opportunity when Sharon stepped out of the cabinet chamber.

In a plea to his colleagues to shelve their personal views, the prime minister said: "We have no time just now to worry about ourselves. We have to worry about the State and about its future."

Begin said that last Thursday's unscheduled cabinet session in the Knesset building was "a difficult session," and urged the ministers to "forget it."

Health Minister Eliezer Shostak, who has supported Sharon steadfastly since the Peace for Galilee Operation started, said that the cabinet should express its backing for the defence minister in a formal vote of confidence.

However, Minister-without-Portfolio Mordechai Ben-Porat said a vote of confidence today would signify that last Thursday the cabinet had no confidence in Sharon. Ben-Porat said the press had given a

distorted interpretation of Thursday's cabinet vote. Ben-Porat said he had voted against Sharon's proposal for a particular military operation, but that did not mean he lacked confidence in Sharon, and in any case he had no factional calculations.

Begin, Justice Minister Moshe Nissim, and Education Minister Zevulun Hammer all stressed that last Thursday's vote, in which Science and Development Minister Yuval Ne'eman was Sharon's sole supporter, was in rem and not in personam.

Commenting on the call by Labour Party leader Shimon Peres for a commission of inquiry into Sharon's domination of the cabinet, Begin said that if the Alignment tabled such a proposal formally, he in turn would demand an inquiry into "the activities of part of the opposition during the Peace for Galilee campaign." Some thought Begin was referring to statements made to foreign media by Labour figures like former chief of staff Mordechai Gur.

(An earlier complaint by Begin against Mapam, over a position paper found with some IDF units in Lebanon and which caused a storm at one cabinet meeting, was later dismissed by legal authorities as non-actionable.)

(News Background — Page 3)

'Shultz blocked Sharon visit to U.S.'

Jerusalem Post Correspondent
NEW YORK. — Defence Minister Ariel Sharon recently "demanded" to meet with U.S. President Ronald Reagan and other top U.S. officials to discuss the Lebanon crisis, but his bid for an invitation was frostily rejected by Secretary of State George Shultz, according to the latest issue of Newsweek.

Sharon wanted to fly to Washington to personally argue Israel's case with Reagan, Shultz and Secretary of Defence Caspar Weinberger. Shultz rejected the idea and pointedly told Sharon that

U.S. envoy Philip Habib spoke for the U.S. in Lebanon. "He (Sharon) is just unwelcome here," one U.S. official told Newsweek. "He has done a lot of damage to Israel's reputation."

The official told the magazine that Israeli jets had forced a U.S. helicopter to the ground in Beirut recently, and that an Israeli officer had demanded the crew's names, ranks and serial numbers. "treating them like prisoners of war. Sharon believes America can be pushed around a great deal," he said. "And so far he has been right."

Weinberger: Sharon didn't tip me off

Jerusalem Post Correspondent
WASHINGTON. — U.S. Secretary of Defence Caspar Weinberger has denied that 10 days before Operation Peace for Galilee Ariel Sharon told him and Alexander Haig, then secretary of state, that Israel intended to invade Lebanon.

Sharon claimed on Friday in a television interview with syndicated columnist Jack Anderson that he divulged Israeli plans to Weinberger and Haig.

A spokesman for Weinberger said yesterday that in Sharon's meeting with Weinberger and Haig at the end of May, Sharon told them how he saw the security situation. "But the Israeli defence minister in no way hinted at or referred to any Israeli plan to invade Lebanon," the Defence Department spokesman said.

White House and State Department spokesmen have refused to comment on Sharon's statement.

Reagan should be 'firm' with Begin, Ford says

Jerusalem Post Correspondent
NEW YORK. — Former U.S. president Gerald Ford said yesterday that in light of the generous aid given by the U.S. to Israel, Prime Minister Menachem Begin must display more of a sense of responsibility and must consult and cooperate more closely with President Ronald Reagan.

Ford was being interviewed on ABC-TV.

He added: "I'm disappointed that there hasn't been such cooperation of late, and I think that the president should be firm with Begin."

Ford said that the Israeli operation 40 kilometres into Lebanon was "completely justified," but "I have serious reservations about the continuation of the operation in the direction of Beirut, chiefly because the U.S. in fact pays for part of any such operation."

Ford also said that after the PLO is out of Lebanon, an effort should be made to convince Egypt, Jordan and Saudi Arabia to take on some responsibility for solving the Palestinian problem in the framework of negotiations with Israel. The aim of these negotiations, Ford said, should be the establishment of a homeland for the Palestinians in the West Bank — "the only reasonable place for that."

On the same programme, former British Prime Minister James Callaghan said that Israeli conduct has been "absolutely indefensible" and that Israel had shown "much less respect than the United States deserves."

2 SOLDIERS DIE

(Continued from Page One)
The IDF spokesman points out that eight Israeli soldiers have been listed as missing in action on the eastern front, and it is assumed that they are now being held prisoner by the Syrians. Among the eight are six ground troops and two members of a Phantom crew shot down on July 24.

The eight do not include the driver of a water tanker, whose truck strayed Friday morning into a Syrian-controlled area about 10 kilometres east of Beirut, where he was taken prisoner, the spokesman

said. It has been reported that the driver's partner escaped by commandeering a Lebanese taxi and getting its driver to take him back to the Israeli lines.

The IDF spokesman points out that the foreign press and television reported last month that the Jewish community of Damascus buried four IDF soldiers in the local Jewish cemetery.

The Syrians gave the Red Cross the names of three of the soldiers — but these turned out to be the names of three living soldiers currently serving in the IDF.

The IDF spokesman said Israel would continue to make every effort to find out what has happened to its missing soldiers.

Mubarak plans trip
CAIRO (AP). — President Hosni Mubarak plans to visit Spain, Rumania and Yugoslavia in September to discuss the Israeli invasion of Lebanon and other international developments. Mayo, weekly organ of the ruling National Democratic Party, said yesterday.

Armed robbery in capital

Jerusalem Post Reporter
Two masked men dressed in black and brandishing a rifle yesterday robbed the Heller Gallery on King David Street in Jerusalem and made off with jewelry and statuettes of unknown value, according to police.

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Nobel Prize winner Mother Teresa yesterday carries a child, one of those she is caring for in West Beirut. (UPI telephoto)

Mother Teresa treats Beirut children

BEIRUT (Reuters). — The children packed into Mother Teresa's little mission in East Beirut are strangely silent, whether from illness or the shock of being caught under heavy artillery bombardments it is impossible to say.

They were taken on Saturday from the squalor of a mental hospital in the PLO Sabra refugee camp, which came under land, sea and air bombardments by Israeli forces trying to drive the terrorists from the city.

The 37 children, most of them mentally retarded and paraplegic, were dangerously weak from sickness and lack of food.

Mother Teresa, a 72-year-old nun who was awarded the Nobel Peace Prize three years ago for tending the sick and dying in Calcutta, said yesterday of her new charges: "All we can do is to give them tender loving care. They are in God's hands."

They sat quietly in metal cots in four cool, whitewashed rooms in Mother Teresa's mission, originally a school and a home for the elderly. The children are being cared for by nuns of Mother Teresa's order, the Sisters of Charity, and by local volunteers. A doctor has been summoned from one of the order's other missions.

U.S., Israel have same goals — Shamir

TEL AVIV (Itim). — The most important diplomatic aspect of Operation Peace for Galilee, Foreign Minister Yitzhak Shamir said yesterday, is that for the first time an American president declared that the U.S. and Israel have identical goals in a war.

Shamir was speaking at a branch of the Herut movement here.

Strains between Israel and the U.S. should not obscure the fact that in the operation, Israel has changed the strategic situation in

the area in America's favour — although this was not the reason Israel went to war, Shamir said. He warned the PLO terrorists not to delay in leaving Beirut: "The IDF is there and their fate is sealed. They must leave Beirut and Lebanon and vanish from the political scene in the Middle East."

Shamir noted that in the Egyptian media there have been attacks on Israel lately, but he said that he hoped these would not be repeated for long.

Peres leaving for France to meet Mitterrand

Post Political Reporter
TEL AVIV. — Labour Party chairman Shimon Peres is due to leave this morning for a short visit to France, where he has been invited to meet with President Francois Mitterrand.

Peres has informed Foreign Minister Yitzhak Shamir of the invitation. He will meet Mitterrand only a few hours before the president's scheduled speech on the latest wave of terrorism against Jewish targets in France.

Peres returned to Israel on Saturday night after a visit to the U.S. Labour Party sources indicated last night that after Peres returns from France, party forums will be convened to consider a possible change in the party's attitude to the government during the war.

Peres returned to Israel on Saturday night after a visit to the U.S. Labour Party sources indicated last night that after Peres returns from France, party forums will be convened to consider a possible change in the party's attitude to the government during the war.

Gov't puts off talks on spending cuts

Post Economic Reporter
The government has postponed by two weeks its discussion of the \$5 billion cut in public spending as agreed in the so-called package deal with the employers and the Histadrut.

Education Minister Zevulun Hammer objected to the transfer of the entire amount to the defence budget, and the prime minister therefore postponed the debate until Finance Minister Yoram Aridor returns from a trip to America.

According to the proposals submitted to the cabinet by Andor, \$2.4b. of the planned expenditure cut is to come from the reduction of subsidies, and the remaining \$2.6b. from cuts in spending by the ministries. Half of the latter cut is to be in the Defence Ministry itself — by transferring funds from training to the financing of the war.

Safad enjoying big influx of tourists

SAFAD (Itim). — Hundreds of vacationers have filled Safad's hotels and streets to overflowing recently, in a tourist boom not seen here for many years.

The narrow main street, Rehov Yerushalayim, is jammed daily with cars, and municipal inspectors are fighting a constant battle against illegal parking. Hotels are booked solid and their proprietors are hoping they will stay that way through the coming holiday season.

The apartment rental market is also booming, with prices between \$100-\$200 a week, mainly for flats in the religious quarter of Safad's Old City. The growth of the quarter in recent years has apparently prompted many religious Jews to visit the city with a view possibly to settling there.

Ben-Porat to look into settlement of refugees

Jerusalem Post Reporter

Minister without Portfolio Mordechai Ben-Porat is to tour refugee camps in Southern Lebanon today in order to gather material for proposals he is drafting on settling Palestinian refugees.

The cabinet decided yesterday to coopt the ministers of defence and foreign affairs to the cabinet committee on refugee resettlement, which Ben-Porat heads.

Other members of the committee are Deputy Premier and Housing Minister David Levy, Justice Minister Moshe Nissim, Economic Coordination Minister Ya'acov Meridor, and Science and Technology Minister Yuval Ne'eman.

Labour dispute ends at Dead Sea Works

BEERSHEBA (Itim). — The pay dispute that has shut down the Dead Sea Works several times over the past few months was settled yesterday in an agreement worked out by the regional labour court here. Work at the giant chemical plant is expected to return to normal today.

The dispute, during which

workers blocked the exit of merchandise by placing a giant crane at the factory's main entrance, centred on the non-payment of what workers call the "small bonus" of 3.5 per cent a month. Yesterday's agreement specifies that the bonus is to be paid on salaries of the months April, May and June.

Tremors shake Italy

AVELLINO, Italy (Reuters). — Thousands of people prepared to camp in the open last night after earth tremors shook a region of southern Italy devastated by an earthquake in 1980.

CHESS

Alon Greenfeld, of Beersheba, representing Israel, drew with Denmark's Karsten Rasmussen in the second round of the world junior chess championships played in Copenhagen yesterday.

APPOINTED. — The cabinet yesterday confirmed the appointment of Ben-Zion Zilberfarb as director of the Economic Planning Authority.

W. Beirut refugees offered medical treatment in Israel

By ISRAEL AMRANI
Jerusalem Post Reporter

The Health Ministry and the IDF Medical Corps have begun a survey among refugees in East Beirut to determine whether wounded children from West Beirut need treatment in Israeli hospitals, ministry director-general Baruch Modan said yesterday at a press conference in Jerusalem.

Modan announced the ministry is ready to provide medical care to any civilian wounded in West Beirut as soon as the PLO evacuates the city.

He lashed out at an organization calling itself the Arab-American Anti-Discrimination Committee, that announced it was willing to transfer wounded children to the U.S. for treatment. He said Israel will not allow any political organization

to exploit children for propaganda purposes, and reiterated Israel was providing excellent medical care to any Lebanese or Palestinian who needed it.

So far, according to Modan, the ministry has spent about \$1 million in extending medical care to civilian patients in Lebanon, excluding field treatment provided by the IDF Medical Corps. About 500 Lebanese patients have been treated in Israeli hospitals.

In addition to helping war victims, Modan said, the ministry has provided medical care to patients with cancer, heart and kidney ailments, who were treated in Israeli hospitals.

The ministry also provided community health services such as inoculations, insect and sewage control and water purification, he said.

LEAVING BEIRUT

(Continued from Page One)
yesterday that Habib would sound out the Israeli government on a Lebanese request that Israeli forces roll back from current positions in central Beirut's National Museum crossing point and all approaches to the shell-damaged mid-city parliament building.

The Lebanese government is asking that all parliament approaches be turned over to the Lebanese Army to allow the 92 surviving members of the unicameral parliament to reach the building and elect a new president of Lebanon on Thursday, the state radio said.

Israel has tanks and armoured personnel carriers lined up about 100 metres from the parliament building on the Green Line that divides Beirut into Moslem and Christian sectors.

The museum crossing point is less than two kilometres from Arafat's command headquarters in West Beirut's devastated Fakhani neighbourhood.

Syria has agreed to pull out a 1,500-man Syrian garrison from West Beirut simultaneously with the 15-day evacuation of the PLO's

7,100 terrorists. Syrian evacuees will regroup in eastern Lebanon's Bekaa Valley or northern Lebanon, while the terrorists will leave Lebanon altogether, the sources said.

Although Syria's agreement to pull out its trapped garrison would help Habib's effort to resolve the Beirut crisis, newspapers in Beirut and Damascus reported Syria and Israel were on a collision course elsewhere in Lebanon.

The bulk of Syria's forces in Lebanon is stationed in the Bekaa, where hundreds of PLO terrorists set up new bases after fleeing their South-Lebanon strongholds in the early days of the Israeli invasion.

The Bekaa terrorists have since been mounting hit-and-run forays through Syrian lines against Israeli petrol and positions, contributing to the collapse of all nine previous cease-fires arranged by the U.S.

Saudi Foreign Minister Prince Saud al-Faisal arrived by air unexpectedly in Damascus yesterday with a letter to Syrian President Hafez Assad from King Fahd, reportedly dealing with the Lebanese crisis. He later left for Amman.

WHITE HOUSE

(Continued from Page One)
that afternoon because the air and artillery bombardment endangered his aides who were due to enter West Beirut for continued contacts with the Lebanese government.

"Lewis's call in fact hindered the government in making a decision to stop the air raids — which it was already and independently inclined to do — because the ministers thought it might appear that Israel was bowing to American pressure," the source said.

The cabinet ordered an end to the air strikes soon after 3 p.m. and the prime minister then went to rest in a room reserved for him in the Knesset.

Government officials immediately informed the U.S. Embassy in Tel Aviv and the Israeli Embassy in Washington of the government's decision and were sure that this information was conveyed to U.S. Secretary of State George Shultz well before Reagan's telephone call to Begin.

It apparently took more time to inform the air force. Reports from Beirut at the time indicated that the air raids were only curtailed shortly before 5 p.m.

Begin was awakened by the president's call shortly before 6 p.m. The source termed as "difficult to understand" reports claiming that the White House could not trace the

prime minister for more than an hour.

The conversation between the two men was "uneasy and sharp," the official confirmed, but Begin did inform Reagan that the cabinet had called off the air force two hours before. Reagan reportedly asked for a halt to the artillery barrage as well and Begin, after consulting the army, called him back half an hour later and assured the president that the cease-fire was being observed absolutely.

Later the same evening, close to midnight, the U.S. Embassy again delivered a presidential message repeating complaints about the air raids and the tone of the earlier telephone call. "There was nothing at all operative in that message," the source said, and described its delivery so late at night when it should have been obvious that Begin would be resting as "something of a chutzpah." Begin was not awakened and saw the message the next morning.

The subsequent publication of an official White House photograph showing the president talking on the telephone to Begin with Shultz by his side made it clear that "the whole thing was a set-up to show that Reagan's message was behind the cabinet's decision," the source complained. "That's ugly," he said.

ISRAEL CONCESSIONS

(Continued from Page One)

PLO had demanded that the IDF pull back some distance from the road.

It is still uncertain whether the Syrian troops in West Beirut will go to Syria, the Bekaa Valley, or the Tripoli area in northern Lebanon. The troops of the multinational force will be stationed in the two exit areas — the Beirut port, and a land transport terminal still to be determined, Begin told Habib: They are not to fan out through West Beirut.

The dozen or so UN observers now in Beirut will be recognized as cease-fire observers, it is understood, but more will not be sent. A cabinet source told the Jerusalem Post that Habib did not press the observer issue yesterday.

Prime Minister Menachem Begin told his colleagues at the cabinet session that he was sure an agreement was within reach and might be reached by the end of the week. The terrorists were ready to leave the city and in such circumstances Israel could afford to be flexible.

Sharon, however, warned the cabinet that the agreement entailed risks. The PLO might try and exploit the multinational force as a screen, and stay put. It would try and leave as many fighters as it could behind, in hiding, Sharon warned.

He said that some of the PLO men might try and return to Lebanon after they had left the country, and some might drop out of the convoys while passing

through the Bekaa Valley.

One government official told reporters that Israel had information the PLO might try and send thousands of its youth movement members out in bus convoys, posing as regular fighters, and keep the same number of fighters back, in civilian clothes. "We need to check who is going out of the city," the official said.

Cabinet Secretary Dan Meridor said after the session that "progress had been made and there were prospects of an agreement, but agreement still could not be guaranteed."

JEMAYEL

(Continued from Page One)

Jemayel categorically denied reports he met recently in East Beirut with Defence Minister Ariel Sharon.

He said his platform for the presidency was based on "putting an end to carnage; returning to the 1949 armistice with Israel and the withdrawal of all non-Lebanese forces from Lebanon — namely the Israelis, Palestinians and Syrians."

"I shall strive to strengthen our relations with sincere brotherly Arab countries who seek to safeguard the unity of Lebanon and its sovereignty over its territory," he said.

"I am Lebanese and Arab, and we want help in putting an end to the drama." (Jemayel-Page 3)

Unwilling of the tombstone of always to be remembered
ANNIE HEWITT (Ch

Jemayal puts campaign into high gear

By MENAHEM HOROWITZ
Jerusalem Post Reporter

JEZZINE. — With Lebanese presidential elections set for Thursday, Bashir Jemayal, commander of the Christian Lebanese Forces and the only announced candidate, has been holding a series of meetings with members of parliament to mobilize support.

The president is chosen by the parliament, which has 52 members with seven seats at present vacant due to deaths. Representation is based on both community affiliation and geographical districts.

The Phalange, with 14 members in Parliament, has opened a campaign to increase its chances of electing Jemayal to the presidency.

Dr. Farid Sirhal, member of parliament from Jezzine, told *The Jerusalem Post* yesterday that he supports Jemayal's candidacy. Sirhal said he had planned to stand for president before the war, but changed his mind after the Israeli invasion. He did not elaborate.

Sirhal said Jemayal's chances for election are good. Aside from the fact that he is the only declared candidate, Jemayal also has good relations with Israel, he said.

The Jezzine district has three members of parliament, two of them Maronite Christians and one Greek Orthodox.

Sirhal told Jemayal during his meeting that two conditions must be met before his vote could be cast for the 34-year-old Phalange leader: first, Jemayal must have the support of the entire Lebanese Front (i.e. all the Christian parties and factions); second, that Jemayal must be able to demonstrate broad support among Moslems to ensure unity and a strong central government.

On other topics, Sirhal said that Israel cannot continue to act against its Arab neighbours. "If Israel persists with its policy of war against Arabs, it will always remain a foreign substance in the Middle East. And as a doctor, I can tell you, that foreign substances are expelled from the body sooner or later."

In a poll conducted among Lebanese parliamentarians by the magazine *Monday Morning* three years ago, Sirhal was the only one to support the idea of an Israeli-Lebanese peace agreement. "I was isolated by my colleagues for holding such a belief," he said.

Sirhal noted that he had many friends in Syria, mainly due to the long border shared with Syria in the Jezzine area.

"To be a political figure in Lebanon, you cannot be 100 per cent Lebanese. You must have the support and friendship of your neighbours. For that reason, I cannot ignore Israel," he said.

Held for shooting at victim of murder attempt

TEL AVIV (Itim). — A man who allegedly tried to kill the key witness in a trial for attempted murder was ordered held until the end of legal proceedings against him by the Tel Aviv District Court yesterday.

Walid Masrawa, 27, of Tira village north of Kfar Sava, was remanded after prosecutor Dr. Dora Pilel told the court that he was obstructing justice by allegedly threatening witnesses and shooting at them.

In the charge sheet presented yesterday, the court was told that on July 14, two shots were fired at Bassam Masrawa. Bassam told police in his complaint on the alleged murder attempt that a relative, Ahsan Masrawa, was among those who fired the two shots.

On July 16, the charge sheet said, Walid approached Bassam's wife at a bus stop and told her that if her husband did not rescind his testimony against Ahsan, "it would cost him dearly."

A second attempt to kill Bassam failed on July 31, although he was hit in the back by a bullet, the charge sheet said. Among those arrested on suspicion of attempted murder was Walid Masrawa.

The prosecution told the court yesterday that Walid's threat to the wife of Bassam Masrawa constituted an attempt to obstruct justice and to interfere with a police investigation.

Four Beduin arrested

RAFAH (Itim). — IDF patrols arrested four Beduin who crossed the international border from the Sinai into Israel on Saturday night. Two of the infiltrators were caught in the Haluza area south of Lachish, while the other pair was stopped near Kibbutz Kerem Shalom.

After preliminary questioning revealed that the four had crossed the border for the purpose of stealing cars and taking them back to Egypt, the men were transferred to the custody of the Rafah police, a spokesman said.



This exhibit of costumes from a project called "100 Years of Settlement" was put on display for yesterday's opening of the conference of the International Society for Education in the Arts (INSEA), in Jerusalem. INSEA will hold a series of lectures, seminars and exhibitions throughout the country during the coming weeks for Israel's 800 art teachers, and distribute awards for work in art education. (Roni Na'aman)

Postal, phone and bus rates up by 25 per cent

Post Economic Reporter

The Knesset Finance Committee yesterday approved a 25 per cent increase in postal and telephone rates, and public transportation fares will rise by the same percentage on Wednesday.

As of today the cost per phone-call unit will be IS1.38 instead of IS1.10, and the monthly fixed charge for telephones will be IS130 instead of IS100. Costs of installation remain unchanged at IS5,000.

A domestic letter now costs IS1.70, a postcard IS1.30, and mailing of a package up to three kilos will be IS18.80. Packages to soldiers will

still be mailed at half the regular charge.

At the same time, the Finance Committee approved Communication Minister Mordechai Zipori's request for lower telephone charges in outlying towns and settlements, such as Eilat or Kiryat Shmona. In these towns, the minister explained, the number of inter-urban telephone calls is disproportionately higher than in the centre of the country.

Telephone subscribers in cities with a population of more than 100,000 will therefore pay the full monthly charge of IS130; those in intermediate-size towns will pay

IS84 a month; and the rest will pay IS38 a month.

Public transportation fares from Wednesday will cost 25 per cent more, the spokesman of the Transport Ministry announced yesterday. Multiple-ride tickets bought at the old price will remain valid until the end of the month, as will return portions of round-trip tickets.

An urban bus ticket will cost IS5 instead of IS4, and those that cost IS7 will be IS9. A bus trip between Tel Aviv and Jerusalem will cost IS49 instead of IS40, and travel between Haifa and Jerusalem will cost IS105 instead of IS86. A bus ticket from Jerusalem to Eilat will cost IS175 instead of IS138.

Jaffa Museum closed: repairs or lock-out?

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — The Jaffa Museum closed yesterday, with no prior notice, on the day it was to have passed into the hands of its new director, Ivan Ordentlich. The museum's former director, archaeologist Ya'acov Kaplan, was told to vacate the premises by Friday.

Kaplan was fired by Ha'aretz Museum director Rehavam Ze'evi. The Jaffa Museum is part of the Ha'aretz Museum.

The Ha'aretz spokeswoman said yesterday the Jaffa Museum was only closed for renovations and to have air conditioning installed. She said that this would only take a few days, and there was no need to inform the public.

When Kaplan came to the Jaffa

Museum at 8 a.m. yesterday, he found the entrance sealed and a sign reading "Closed for reorganization." But museum sources believe it was locked to prevent Kaplan, who had threatened to continue working there despite his dismissal, from entering.

On Friday afternoon, Kaplan hung a poster reading "Away with gangsterism in the culture of Tel Aviv-Jaffa," to protest the way in which Ze'evi and Mayor Shlomo Lahar are running the Ha'aretz Museum.

The Jaffa Museum has seven storerooms filled with reports of 30 years of archaeological findings from digs around Tel Aviv and Jaffa initiated by Kaplan and his wife, archaeologist Haya Kaplan. The archaeological work was done on the basis of personal permits granted by

the Education Ministry's antiquities division. Kaplan said, "If we cannot gain access to the material now it would be a disaster." He added that he was responsible to the state, not to Ha'aretz Museum, for all the stored material and demanded that it be transferred to the Tel Aviv University's Archeological Institute.

Soon after he was fired, Kaplan accused Ze'evi of removing an ancient mosaic in the Ha'aretz Museum in order to build offices there. Ze'evi stated in response that the mosaic was removed for restoration and would be returned to its original site. The Education Ministry Antiquities Division is to decide, with the help of the ministry's legal adviser, whether Ze'evi violated the antiquities law by removing the mosaic.

'UK papers won't buy pro-Israel photos'

By JUDY SIEGEL
Jerusalem Post Reporter

A British photographer yesterday accused the British press of being "completely anti-Israel" in its coverage of the war in Lebanon and of refusing to print her photographs because they showed Israel in a good light.

Gemma Levine, who is based in London and whose photographs are included in books by the late Moshe Dayan and other Israelis, found that

all major British papers, except for the *Evening Standard*, refused to buy her photographs. "They told me: 'We won't take them because you're on their side,'" Levine recalls.

The photographer went to East Beirut, Damour, Tyre and other Lebanese towns, accompanied by a representative of the Israel Defence Forces. Among her photographs, which were rejected by the English papers, are shots of a PLO headquarters completely destroyed and,

"a hair's-breadth away, a church that was totally intact, even untouched by a single bullet."

She also took photos of ruins of Damour with trees growing out of them — proof that the damage was committed years ago — and Israeli nurses providing dialysis treatment in Israeli hospitals to Lebanese kidney patients.

However, she reports, some German papers, including *Die Welt*, did buy her photographs.

Strike may keep schools from opening

By LEA LEVAVI
Jerusalem Post Reporter

TEL AVIV. — School may not start as scheduled on September 1 because wage talks between the teachers' unions and the government broke down yesterday.

The Histadrut Teachers Union executive will meet tomorrow morning to consider declaring a labour dispute, and the Secondary School Teachers Association will probably take similar action.

The teachers left the negotiating table because they felt the government was trying to "bury" the Etzioni Committee recommendations which, among other things, urged an additional 37 per cent pay hike beyond what teachers have already received.

IDF service proposed for some inmates

Jerusalem Post Reporter

TEL MOND. — The Prisons Service is considering the possibility of enabling certain young prisoners held here in minimum security to serve in the IDF.

Speaking at a meeting between young felons and an Air Force combat pilot, prison commander Rav-Kalai Uri Beham said he hoped

several dozen prisoners would be rehabilitated through military service.

The prisoners work outside the prison during the day. They travel to and from their places of work under escort, but are not guarded during the work day. They are paid for their work and are allowed to keep the money.

Output jumps at oil well near Arad

Jerusalem Post Reporter

The Tzok Tamrur 1 oil well near Arad began pumping more oil in irregular bursts over the weekend, following several months of tests and intensive treatments to release more oil, the Energy Ministry announced yesterday.

Some 225 barrels bubbled up between Friday and yesterday, but the ministry said it is too early to assess the commercial significance of the sudden jump in output. Traces of oil were discovered in some of the strata last spring and since then about 30 barrels a day have been produced.

The unstable liquid now coming up from 1,850 metres below the surface contains between 20 and 90 per cent oil and comes up in stops and starts. Only if the output stabilizes over the next few weeks can the quantity and composition of the liquid be assessed for its commercial prospects.

NO SMOKING. — A Ministry of Transport spokesman said on Friday that the prohibition on smoking in city buses will now be rigorously enforced, in line with an amendment to the regulations signed by Transport Minister Haim Coffi.

NEWS BACKGROUND/Sarah Honig

'Anti-Sharon union jumped the gun

TEL AVIV. — Sources in Prime Minister Menachem Begin's office told *The Jerusalem Post* yesterday that "the prime minister never did and does not now entertain any notion of replacing Defence Minister Ariel Sharon or of taking over his portfolio."

The idea has "not even been considered and was not suggested by any individual minister or group of ministers." Should any number of cabinet ministers approach Begin with such a proposal, "it would be summarily and unequivocally rejected," the sources said.

Begin would tell any such ministers, *The Post* was told, that "Sharon is the best defence minister Israel could have." The sources maintained that "the difference of opinions between Sharon and Begin had been exaggerated out of all proportion. No crisis exists and there is certainly no rift between the two."

Such pronouncements are seen as part of an effort by Begin to mollify Sharon and to warn off his party foes who were encouraged after Begin had openly rejected Sharon's recommendations at last Thursday's cabinet session, usurped his authority to decide on aerial strikes and even scolded him.

Likud sources confirm that Sharon's staunch rivals in Herut and the Likud took Begin's utterances at the meeting to mean that Sharon is vulnerable and that attacks on him would even have Begin's sanction. Begin is now striving to call the various anti-Sharon forces in the party to order.

A number of cabinet sources also predicted that Sharon would soon find himself with renewed backing from Begin, though this would clearly be conditional on "good behaviour."

Sharon's long-time party opponents "will have to wait for a more

opportune moment to renew their campaign against him," a Liberal minister admitted to *The Post*.

The Liberal minister went on to say that "if there is one thing events of the last few days have demonstrated beyond a doubt, it is the total masterful control of the situation by Begin. When he felt Sharon was assuming too much, he saw to it that he was put in his place and even in a humiliating fashion. But when Sharon's political rivals took it to be open season on Sharon, Begin quickly indicated that they were mistaken. Neither side can make a move without Begin's assent," he said.

The situation is perhaps best illustrated by the fact that no sooner had Begin put Sharon in a corner at last Thursday's cabinet session, then he made it a point to call Sharon out of a Knesset Foreign Affairs and Defence Committee session. Begin summoned Sharon for the specific purpose of reassuring and pacifying him, and he is expected to publicly express his confidence in Sharon in coming days.

Sharon's star, say high-ranking Herut sources, has not waned, since it was always dependent on Begin as its source of light. Sharon's popularity among the Herut rank-and-file notwithstanding, he does not have sufficient support in party forums. His status always hinged on Begin's protection. Sharon is well aware of this, and is unlikely to commit Ezer Weizman's or Shmuel Tamir's errors and cross swords with Begin. Unlike those foreign ministers, he will ride the storm, say his supporters.

According to Herut pundits, "Sharon's opponents were out to get him long before the war. His popularity endangered them in the contest for the number two position in Herut. They never forgot that in the spring of 1981, during the first

vote for the Herut slate of Knesset candidates, Sharon outpolled all other candidates and even garnered more votes than powerbroker David Levy."

With the Defence portfolio and following the battlefield victories in Lebanon, it was feared that Sharon would win the behind-the-scenes war of succession in Herut and become Begin's heir. Would-be interim heir, Foreign Minister Yitzhak Shamir, with long-term hopeful Finance Minister Yoram Aridor and Deputy Prime Minister David Levy, banded together in what is called in Herut "the ministers' anti-Sharon trade union." But this union "did not dare make a move until they thought Begin had removed his protective mantle from Sharon," it was noted in Herut headquarters.

The Liberal Party, Herut's main partner in the Likud bloc, was thrown into confusion by the latest affair. Sources in Herut and in the Liberals alike identify Deputy Prime Minister Simha Ehrlich as mainly responsible for the whispers about a cabinet campaign to dismiss Sharon. But while at first other Liberal ministers were emboldened by the belief that Begin had turned his back on Sharon, the anti-Sharon move seemed to have cooled for most of them. This is coupled with the fact that, given the deep animosities in the party, Ehrlich taking one position was enough to drive some fellow Liberals to adopt the opposite stand.

Thus one Liberal Party leader told *The Post* yesterday that it would be "prudent for the Liberals to keep their fingers out of Herut affairs. It is beyond their power to stir up trouble between Begin and Sharon. If Begin does not abandon Sharon himself, all those who are after the defence minister's blood will be powerless."

F.M. sources: Shamir in the picture

Post Diplomatic Reporter

Upper-level Foreign Ministry officials last night rejected insinuations published in yesterday's *Jerusalem Post* to the effect that Foreign Minister Yitzhak Shamir was fulfilling his role in an apathetic manner.

These officials said the minister goes into the work of this ministry in great detail, is fully cognisant of the operations of the various departments, and leaves his mark daily on various aspects of Foreign Ministry work.

They stressed that Shamir is extremely active behind the scenes in shaping policy decisions.

"While not always seeking the limelight, Shamir plays a dominant role in such spheres as the negotia-

tions for the PLO evacuation from Beirut, *The Post* was told.

"Top-level ministry officials have taken an active part in all negotiations and in inter-ministerial committees related to Lebanon, and the minister has given these officials guidelines constantly," it was said.

200 reservists protest war

Jerusalem Post Reporter

About 200 protesters belonging to the Soldiers Against Silence group demonstrated against the war in Lebanon yesterday afternoon near the Prime Minister's Office.

The demonstrators called on the government to avoid an entanglement with the Syrians in the Bekaa Valley.

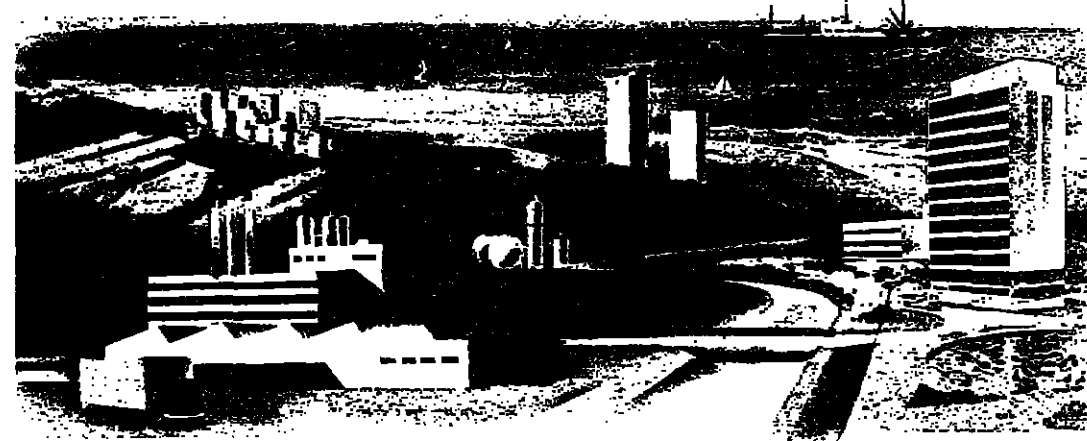
Haifa firemen end strike

HAIFA (Itim). — Firemen in the Haifa area yesterday ended their week-long strike over pay demands after a compromise agreement was worked out in the regional labour court.

The firemen, who stopped work over a demand that their payment for working on Saturdays and holidays be equalized with that of firemen in Jerusalem, Tel Aviv and Ramat Gan, accepted a temporary arrangement whereby each Haifa fireman will receive an advance of IS5,000 for money allegedly owed them since April 1980.

If further investigation reveals that no pay differentials are owed the firemen, the IS5,000 will be considered a loan, according to the agreement.

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EUROPE'S "INVENTION OF THE YEAR" COMING SOON

SEE ON FRIDAY

Paris labelled 'crossroads of international terrorism'

PARIS (UPI). — The City of Light has become a city of fear, where instead of the pleasant things of life, talk is all about terrorist killings.

"Enough of bloodshed," shouted the newspaper *France-Soir* in the boldest print since the 1969 death of national hero General Charles de Gaulle.

"There is no doubt that Paris has become a crossroads of international terrorism," said a high-ranking police officer. "We have had 20 killed and 141 wounded in the capital since May 10 alone."

France has had its share of international terrorism in recent years, though nothing compared to the violence in Italy and West Germany. During his unsuccessful reelection bid in May 1981, then-president Valéry Giscard d'Estaing contentedly held up France's comparative safety as a token of the prestige and dignity he had achieved for his countrymen.

Now France has hastily asked Italy, West Germany and other European nations to join its effort to roll

back the current terrorist onslaught in Paris.

"We are not ruling out the theory that the intention behind some of the attacks is the destabilization of France's regime by forces from outside and inside the country," an official said.

The fight against terrorism threatens the stability of President Francois Mitterrand's cabinet. Interior Minister Gaston Defferre, who as mayor of Marseilles struggled with almost daily ethnic violence, urges a crackdown on the influx of foreigners.

Justice Minister Robert Badinter, a Jew belonging to the Liberal Socialist faction, says he will combat any exceptional police procedures that would victimize the 4.9 million-member foreign community.

The question of whether to continue France's open-door immigration policies and efforts to absorb a huge number of foreigners has replaced a growing economic crisis as the prime national issue, officials

believe. Mitterrand himself is supervising the struggle to make Paris boulevards safe again. His aides say the 66-year-old veteran considers this his toughest assignment since 1954 when, as a little-known interior minister, he handled the bloody massacres heralding the start of the Algerian war.

How tough the job is which faces France's 110,000-man police force can be seen from the fact that "not a single terrorist has been arrested since 1980," a police officer said.

More than 300 terrorist bombs exploded in 1981 in Corsica alone, he said. But few people have died in Corsica since nationalist bombings began in the late 1960s. There have been victims in the Basque region, a spillover from nationalist terrorism on the Spanish side of the border.

But now, police say, France has become part of the Middle East battleground. Countless terrorist gangs use French soil to square political accounts.

The Israeli invasion of Lebanon triggered an explosion of deadly anti-Jewish terrorist attacks. Besides death, they have brought relations between Mitterrand's regime and the Jewish community here to a breaking point and soured France's relations with Israel.

France has a Jewish community of 650,000, the fourth largest in the world. It also has some two million Arab or Moslem African citizens and close links to most Arab capitals.

According to Reuters, France is expected to use a computer to get instant access to all information on international terror groups operating in France. A top police officer is also to be put in charge of fighting terrorism.

Mitterrand will announce new anti-terrorist measures on national television tomorrow after a special cabinet meeting, underlining his personal commitment to combating attacks.

Rebellious Swiss village declares itself independent

VELLERAT, Switzerland (Reuters). — With a symbolic border post and local passports, this tiny Swiss mountain hamlet has declared itself independent.

As the 70 rebel inhabitants celebrated their self-styled status as Switzerland's first "free commune" on Saturday, more than 1,000 outsiders marched in to support the unilateral declaration and join the festivities.

Vellerat, which occupies all of 200 hectares (about 2,000 dunams) in northwestern Switzerland, is one

of several French-speaking villages in the mainly German-speaking canton of Berne which want to join the neighbouring French-speaking canton of Jura.

Its unilateral declaration means it will no longer pay taxes to Berne canton or obey orders from Berne authorities, residents say.

Since there are no precedents, no one is sure how the Swiss government will respond to Vellerat's stand, for which 90 per cent of the inhabitants voted last week.

FBI says bomb caused fatal blast on jumbo jet

HONOLULU (AP). — A bomb, probably using nitroglycerine or dynamite, caused last week's explosion aboard a Pan Am jumbo jet heading into Honolulu that killed a Japanese teenager, the FBI said on Saturday.

The explosive device was placed beneath a seat cushion on the right side of a window seat in the rear cabin of a Pan Am jetliner en route from Tokyo last Wednesday, said William Erwin, special agent in charge of the FBI's Honolulu office.

A team of federal agents investigating the explosion has not

determined how the bomb was constructed or detonated, how large it was or who was responsible, Erwin said.

The force of the explosion killed Toru Ozawa, 16, who was sitting in the seat where the bomb was located. Fifteen others were lightly wounded.

WISHPOOL. — Thieves drained the 1.2-metre deep Roman "wishing pool" at the historic pump room outside Bath Abbey and scooped up coins worth an estimated £300 officials in Bath, England reported.

Somalia declares emergency after 'Ethiopian attack'

MOGADISHU (Reuters). — Somali President Siad Barre declared an emergency yesterday in three regions along the Somali-Ethiopian border where fighting has been taking place for the last six weeks.

An official announcement said the emergency was declared "as a result of the naked Ethiopian land and air attack against Somalia."

The decree empowers army officers and the Defence Minister to requisition temporarily any vehicle or other asset for the war effort. It also obliges all able-bodied Somalis to take part in the defence of the country if required to do so. The presidential decree followed

two days of heavy fighting in and around the border towns of Galdogob and Balambale. The Defence Ministry here said Somali forces had made a surprise attack on the Ethiopian forces in these areas.

The ministry said Somali forces killed 580 Ethiopians and wounded many more, while 64 were killed and 157 wounded on the Somali side.

A local reporter in the war zone reported that Somali troops on Thursday and Friday overran a large Ethiopian military position as the Ethiopians were preparing for a new attack.

Salvador official's wife jailed as rebel

SAN SALVADOR (Reuters). — Police have arrested the wife of El Salvador's Deputy Education Minister Roberto Serrano and charged her with belonging to a major leftist guerrilla group, a police spokesman said on Saturday night.

Ana Serrano, arrested along with 25 other people in a raid on a San Salvador school Saturday, was accused of belonging to an urban cell of the Popular Forces of Liberation (FPL), the spokesman told reporters.

The spokesman said Serrano and nine of the 26 would be tried by a military court because they were found with piles of anti-government propaganda. The remaining 16 were all minors and would be released, he added.

The spokesman said that guerrillas yesterday fired a bazooka at the Interior Ministry, breaking windows but causing no injuries. More than 34,000 have been killed in political violence over the past three years.

Iraq warns all ships to avoid Iran's ports

BEIRUT. — Iraqi President Saddam Hussein yesterday repeated a warning that foreign ships using Iranian ports faced attack by Iraqi warplanes, and singled out oil installations on Kharg Island as a target, the official Iraqi news agency said.

The president, speaking at a medal-giving ceremony in Baghdad, said Iraq considered Kharg Island a military operations area.

"Foreign shipping companies have only themselves to blame if their ships approach this place," he said.

The island, about 160 kilometres south of the head of the Gulf, is Iran's main oil export terminal. The Iraqi air force has attacked it several times during the 23-month Gulf war.

It also lies within a military exclusion zone announced by Iraq last week after two ships, one Greek and one South Korean, were attacked and sunk by Iraqi warplanes

near the Iranian port of Bandar Khomeini.

Hussein said his armed forces would also strike at other vital economic targets, including mainland oil installations, if Iran continued to take what he called an obstinate attitude towards the continuation of the war.

Shipping sources in Bahrain said the maritime exclusion zone was believed to include a number of oil-drilling platforms.

The same sources said a number of companies have been requesting clarifications from Iraq as to the limits of the war zone.

The sources added that Iran stood to lose more if the war was shifted from the current frontlines to oil-shipping areas in both countries.

On account of the war, Iraq's revenues from oil sales dropped from \$25 billion in 1980 to \$5b. in 1981, according to industry sources. (Reuters, AP)

China, on peace anniversary, recalls Japanese atrocities

PEKING (Reuters). — China, which lost more than 18 million people in its 1937-45 war with Japan, yesterday marked the 37th anniversary of peace by saying it could not accept the distortion of history to mask the imperial army's atrocities.

A number of atrocities were described anew. The *People's Daily* said in a front page editorial that a rewriting of Japanese high school textbooks to play down Japanese barbarism in China was a provocation and a threat.

"We don't want to settle old accounts," the Communist Party newspaper said. "But they are not to be forgotten, still less to be distorted."

The textbooks affair and the anniversary have also revived bitter memories of the war in both Koreas as well as China.

In Japan itself, Prime Minister Zenko Suzuki and all but three cabinet ministers made controversial visits yesterday to the Yasukuni Shrine, an unofficial memorial to the country's dead including executed wartime prime minister Hideki Tojo and 13 other war criminals.

Emperor Hirohito, 81, who earlier failed to attend an annual government-sponsored memorial service yesterday for the first time

because of a cold, said in a message read by Crown Prince Akihito: "My heart still aches when I think of those who perished in the war."

The textbook controversy has led China to recall the atrocities committed by the imperial army. Chinese television has shown a film of people being buried alive while eyewitnesses of the massacre of more than 250,000 people in Nanking have retold their experiences.

Shigeo Nakayama, a 69-year-old former Japanese soldier, interviewed in Tokyo by the New China News Agency, described how he had seen tens of thousands of corpses in the Yangtze River near Nanking, as well as how a Japanese unit cooked a meal from the flesh of a murdered Chinese.

A top Chinese pathologist told the agency how more than 3,000 Chinese, Koreans and Russians were used in medical experiments by Japanese unit No. 731 — some being injected with the plague, anthrax and syphilis while others were tied up and shot with bacteria bullets.

About 12,000 people protested in the South Korean capital of Seoul over the textbook issue in a demonstration to mark the 37th anniversary of independence from Japan.

Polish archbishop tells 200,000: eliminate hatred

CZESTOCHOWA, Poland (Reuters). — Poland's Roman Catholic Primate, Archbishop Jozef Glemp, called yesterday for a new dialogue between the martial law authorities and the people to eliminate what he called invisible hatred.

He was speaking to more than 200,000 pilgrims at the Jasna Gora Monastery here two days after street clashes in four Polish cities between police and supporters of the suspended trade union Solidarity.

It was the biggest single gathering since martial law was declared last December, but had an overwhelmingly religious significance.

Only a few people wore Solidarity shirts or stickers and there were no demonstrations.

The archbishop said resumption of dialogue between the authorities and society was necessary to eliminate hatred "which can sometimes be invisible but still exists when people keep silent and grind their teeth."

He did not refer directly to the main Solidarity union, but said he hoped the independent union set up

by private farmers, Rural Solidarity, would be restored to protect peasants' interests.

Rural Solidarity was suspended with the main union when martial law was declared.

Archbishop Glemp was speaking from the monastery's ancient ramparts at an open-air mass to honour the black madonna icon, Poland's holiest object.

He said he hoped to announce soon new dates for a visit by Polish-born Pope John Paul, planned for August 26 to coincide with celebrations of the 60th anniversary of the Jasna Gora Monastery but postponed because of martial law.

Meanwhile, underground sources in Warsaw said that they had plans for tomorrow to mark the anniversary of Solidarity protests in the port of Gdansk in 1980. It was not yet clear what form this would take.

Leaflets circulating in Warsaw last week signed by the underground committee co-ordinating opposition in the capital said demonstrations on August 31 should take place under the following slogans:

"Freedom for those imprisoned or interned, Freedom for (Solidarity leader) Lech Walesa, Solidarity is and will be."

Spaniards seek recall of Begin peace prize

MADRID (AP). — Spanish Young Socialists will start a campaign today to rescind the Nobel Peace Prize awarded to Prime Minister Menachem Begin in 1978, a spokesman for the group said yesterday.

Begin shared the prize with Egypt's late president Anwar Sadat after signing the Camp David agreements.

The spokesman said the Young Socialists will send a letter to the Norwegian Nobel Committee to recall the honour from Begin because such a prize "must not be in the hands of a man who has been the promoter and author of Lebanon's genocide."

Sports

The supernatural may save England

LONDON (AP). — Only Ian Botham and the brutal English summer weather stand between Pakistan and a crushing triumph in the second cricket Test at Lords. Both natural and supernatural forces came into play on the fourth day yesterday as Pakistan mounted their assault on England's one-nil lead in the series.

Adding only one more run to their overnight total, England were made to follow-up after Robin Jackman was lb.w. to Imran Khan in the opening over. Then came bowler Muttassir Nazir, howling at a very gentle medium pace, squashed England's hopes of a good start. Within a space of six balls he claimed the wickets of Randall, Lamb and Gower for no runs.

Chris Tavare, who had taken 66 minutes to open his account, stuck around, while Botham played a customary innings in adversity, ratching up 33 in quick fashion to lift England to 54-3 at lunch.

The heavens then opened and most of the afternoon was washed out. When play resumed Botham played a confident but careful innings, helping lift England to 95 for three at the close. He is on 55.

Scores: Pakistan 456-8 decl. England 227 and 95-3. Today is the final day.

Lendl — masterly and mean

TORONTO (AP). — Ivan Lendl was last night set to add another jewel to his crown as pretender to the world's tennis throne as he took on Vitas Gerulaitis in the final of the Canadian Open here.

Gerulaitis had qualified for the final through Jimmy Connors defaulting while the Czech master used stunning forehands to overcome top-seeded John McEnroe on Saturday night 6-4, 6-4. Lendl is going for his third straight tournament title.

"I wasn't playing with the intensity I need to beat him," said McEnroe, who now has lost five straight matches to Lendl. "Right now I have no right to claim to be No. 1 with the way I've played," he said.

McEnroe said he wasn't playing his usual attacking game with solid volleys. He seemed to become tentative at the net after the eighth game of the first set. Having just broken serve to lead 4-3, Lendl unleashed McEnroe. Although he had the entire cross-court area open, Lendl chose to drive the ball directly at McEnroe down the line. Only a nimble move by McEnroe kept him out of the way of a fierce forehand with the ball jumping crazily off his racket.

Brave driving

SAO PAULO (UPI). — Michele Mouton of France and Fabrizi Pons of Italy, the world's top women drivers, yesterday won the troubled-plagued world championship Brazilian rally.

The two women drove their Audi Quattro to the front just three stages from the end of the arduous rally, having battled bravely past championship leaders Walter Rohrl of Germany and his co-driver Christian Geistdoerfer in their Opel Ascona.

The two leading cars were the only ones to finish the gruelling 16-stage rally which claimed the life of a Brazilian driver whose car plunged off a mountain road into a lake.

In Zellweg, Italy's Eliode Angelis surprisingly drove his Lotus to a narrow win in a nerve-racking Austrian Formula One Grand Prix after mishaps had eliminated the fancied turbos of the Brabham and Renault teams.

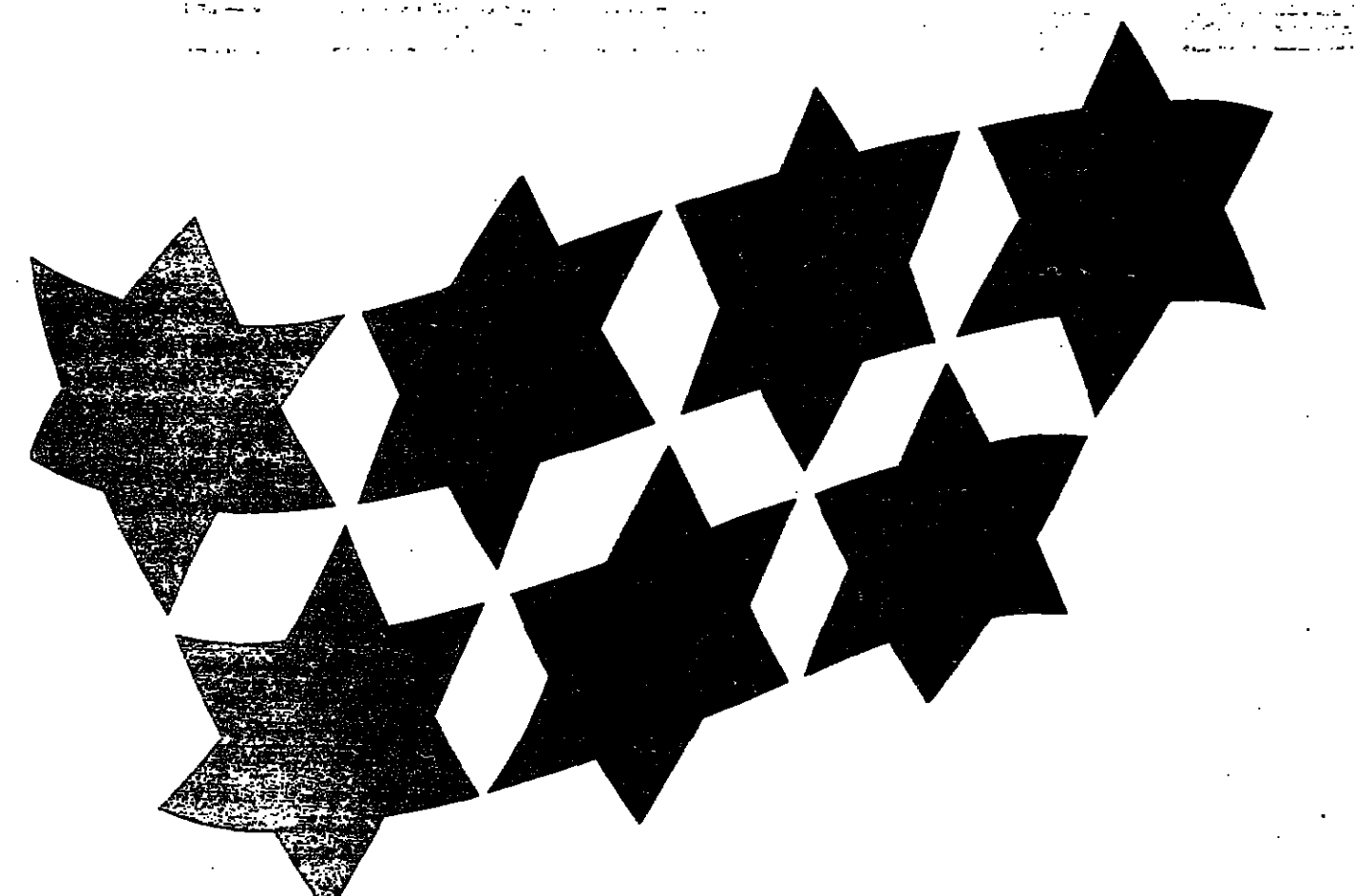
The Italians given their first victory in four years, held off by a bonnet a determined challenge from Finland's Keke Rosberg whose Williams made a gallant attempt to snatch a dramatic victory. Rosberg's effort, however, has had made him favourite to lift this year's drivers' championship.

SCOREBOARD

BASEBALL: Saturday's results: American League — Kansas City 1 Detroit 0; Baltimore 3 Boston 2; Milwaukee 2 Chicago 1; Toronto 4 Milwaukee 3; Chicago 6 New York 0; Seattle 3 Minnesota 1; Texas 3 Cleveland 2. National League — Philadelphia 15 Montreal 11; Chicago 7 New York 4; St. Louis 4 Pittsburgh 1; Houston 2 Cincinnati 0; San Francisco 4 Los Angeles 2; Atlanta 6 San Diego 5. BOXING: Santos Lacar of Argentina retained his WBA flyweight title by outpointing Venezuela's Benito Gomez over 15 rounds. The decision was a 2-1 split.

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Calling The Shots

Bombing Halts As Reagan Makes a Call

Israeli dive-bombers and artillery last week gave west Beirut its worst pounding of the 10-week siege, threatening for a time to add American peacekeeping efforts to the burgeoning casualty lists. A shocked President Reagan telephoned Prime Minister Menachem Begin to "express his outrage" at the killing of civilians and warned he was considering calling home his mediator, Philip C. Habib. The cease-fire was reinstated and Mr. Reagan later said "great reason for hope." Yesterday, he conferred with aides at Camp David to look beyond Beirut at the broader Middle-East picture.

Lebanese police said they counted at least 156 civilian dead in the latest raids. Compounding the suffering, most west Beirut hospitals were closed by damage from shelling or without medicine and electricity. After four days of bombardment, Lebanese Moslem go-betweens, furious at Israel and the United States, had suspended negotiations with Mr. Habib on evacuating Palestine Liberation Organization guerrillas.

Mr. Begin, struggling to wrest control of "Arik's war" from Defense Minister Ariel Sharon, told Mr. Reagan he had already ordered the bombing halted; he called back after making sure his order had been obeyed: "Menachem, shalom." Mr. Reagan signed off.

Israel accepted in principle Mr. Habib's plan for the more than 7,000 guerrillas to leave when French, Italian and American units and the Lebanese army move in to temporarily protect Moslem and Palestinian civilians from their Maronite Christian enemies. Seven Arab countries — Algeria, Iraq, Jordan, North Yemen, South Yemen, Sudan and Tunisia — formally agreed to take in Yasser Arafat's Palestinians. Syria was discussing taking 2,500 men it maintained in the city. A detailed checklist of 7,100 guerrillas and their destinations was handed over. But the Israelis demanded their names and insisted the total was at least 1,000 short.

The Habib plan also called for several hundred French troops to move in as the Palestinians began withdrawing, but Mr. Begin, citing Paris's support for sanctions against Israel and anti-Semitism in France, wanted the Christian-led Lebanese army to go in first. The P.L.O. rejected that army as a "Trojan horse" for the Israelis.

Jerusalem also insisted that most Palestinians leave before the multinational force entered the city, and it was holding out against a role for United Nations forces, defying a Security Council demand, supported by the United States, for their deployment in west Beirut.

Added Thoughts In A.T.&T. Case

Federal Judge Harold H. Greene stepped into unexplored legal territory last week when he asked for major changes in a settlement of the Justice Department's antitrust suit against the American Telephone and Telegraph Company. While many thought his judicial activism in the complex case established a praiseworthy landmark, others thought he might have lost his way.

His ruling left intact the basic quid pro quo the litigants agreed to in January: A.T.&T. would divest itself of its 22 Bell System operating companies, worth around \$80 billion, in return for being allowed to enter data processing and other rapidly growing segments of the telecommunications business from which it has been barred. But Judge Greene added 10 modifications aimed largely at insuring the financial stability of the 22 operating companies when they become independent and keeping rates from soaring.

In addition to the proviso that he would supervise the divestiture, Judge Greene sought to allow the operating companies to publish their own Yellow Pages and to sell telephones and other terminal equipment. He also requested that the settlement bar A.T.&T. from the electronic gathering and transmission of news and advertising for at least seven years. Newspaper publishers had argued that A.T.&T.'s head start in the field would result in unfair competition.

Judge Greene cannot directly impose the changes on Bell and the Government, but he can refuse to approve any settlement that does not include them. That would force a continuation of litigation that is already eight years old. Some critics accused Judge Greene of attempting to assume unwarranted regulatory and legislative powers.

A Justice Department spokesman and Charles L. Brown, the chairman of A.T.&T., both were "pleased" that the judge thought the basic agreement was fine and said they stood ready to discuss the proposed modifications, to which they were given 15 days to respond.



Devastation in west Beirut; from top: Defense Minister Ariel Sharon, Prime Minister Menachem Begin, P.L.O. leader Yasser Arafat and U.S. envoy Philip C. Habib.

Syria: Jean Guichard

United Press International

Gamma Liaison: Roland Neveu

Associated Press

Economic and Psychological Costs Mount

Sharon Strategy Isn't the Only Thing Israel Questions

By JAMES FERON

JERUSALEM
LAST Thursday's 11-hour bombing of west Beirut, the fourth straight day of aerial attacks, finally proved too much even for the Israeli Cabinet. It relented in Defense Minister Ariel Sharon in a rebuke that could have repercussions well beyond the situation in the Lebanese capital.

Mr. Sharon, the hero of the Yom Kippur war, had become a feared and unpopular figure and some ministers felt a sense of relief after their near-unanimous decision requiring him to get Cabinet approval of all substantive military actions. The action raised questions about his future as chief negotiator in Beirut and about long-term Israeli strategy, but he brushed aside calls for his ouster. "I have no intention of resigning," he said yesterday.

His view that continuing military pressure was what persuaded the besieged Palestinians to leave Beirut had become increasingly counterproductive, his critics said. But he offered no apologies. Commenting earlier in the week on Israeli prospects for getting the Syrians, and Palestinian fighters sheltered behind their lines, out of eastern Lebanon, he said: "The Syrians are not in a good position. It's not like the past when their cannons could reach Haifa. The situation today is that all of Damascus is within artillery range of Israel. Syria will have to choose which they prefer, a situation where we are 25 kilometers from Damascus, or where all forces [Israeli and Syrian] leave Lebanon."

There were hints that Mr. Sharon had been preparing for military moves after the guerrillas leave west Beirut. The Israelis denied that they were redeploying, but witnesses said the road north week was one long Israeli military convoy last week.

Until last week's blowup, the Cabinet had seen strategic value in Mr. Sharon's tactic of making credible the threat to attack the Syrian capital. But the sustained bombing of west Beirut and the resulting threats from an outraged President Reagan to withdraw the American mediator, Philip C. Habib, may have persuaded Israeli leaders to slow down.

The Government has declined to disclose its timetable, if it has one, for eventual withdrawal from Lebanon. Officials say the goal is an "arrangement" with Syria that would bar the guerrillas from returning to Lebanon and permit a stable Lebanese government that could accept

open borders with Israel. Jerusalem already has direct telephone service to southern Lebanon and the first 14 tourists from Beirut, Sidon, Tyre and Nabatieh have arrived in Israel for four-day visit.

Adding Up the Costs

If the bombing was responsible for Palestinian willingness to leave Lebanon, would the opposite also be true? Would the Palestinian fighters take heart from what was perceived to be a more restricted Israeli military posture and seek better terms for their evacuation?

The Israelis said no. "We will continue to respond to cease-fire violations and we will hit at P.L.O. targets, immediate or potential," a ranking official said. "But in the meantime, we want to give Philip Habib all the opportunity we can." He added that he was optimistic that the talks would succeed soon.

For many Israelis, meanwhile, the war has become an exhausting preoccupation. A taxi driver shrugged off conversation about the Beirut bombing. "Why should I go 45 days to Lebanon?" was his concern. "I should be here working. It's too much, this war." Others wondered about its cost in other terms.

There was the human cost, 322 Israelis killed, 1,900 wounded and perhaps 3,000 Palestinians and Lebanese dead, by some estimates, in what some Israelis saw as a defensive action that became an offensive campaign. "We achieved our initial goals," a university professor said. "We made the northern area safe, we broke the back

President runs a
tax reverse, collides
with right wing

4

of the terrorists and we are opening the way to restoration of a strong central government in Lebanon. Now we should be finished with it."

But Israel's determination to leave Lebanon only after other foreign forces have gone — the P.L.O. and Syrians — has prompted some weary Israelis to foresee a long occupation. "We did not expect to occupy the Sinai for 15 years," Mr. Sharon said on television. A woman watching groaned and asked, "Does that mean 15 years in Lebanon?"

Tourism, important to the economy, is down this year and that, too, is seen in terms of the war, even though the fighting is far away. One estimate of the economic cost is \$3 billion, one-seventh of the annual budget. Wage-earners are giving up 4 percent of gross salaries in a "compulsory loan" to the Government to help pay war costs.

Industrial exports were 20 percent lower in July than in the corresponding month last year, an unprecedented drop, the respected newspaper Haaretz reported. Also new was one of the main explanations put forward — a decline in the readiness of foreign customers to buy Israeli products, because of hostility to Israel.

There were also fears that hostility could become a domestic concern. Some Israelis were worried about psychological scars, or a brutalization created by the war. The 1967 and 1973 wars were followed by a sense of relief, but this time the mood was heavy. "It's an unpleasant war," said one woman. "Our children were taught to fight in the sands of the Sinai, not in the streets of Beirut."

What If the Battle for Lebanon Has Just Begun?

By THOMAS L. FRIEDMAN

ONE issue being haggled over in the negotiations involving American envoy Philip C. Habib is what to call the first day of the P.L.O.'s withdrawal from Beirut. Mr. Habib had innocently suggested calling it "D-day," but the Israelis rejected this, arguing that it summoned up images of Normandy and had connotations of victory. The Israelis said it should be called "E-day," as in evacuation day. But whether they end up calling it D-day, E-day or X-day, the day the Palestine Liberation Organization guerrillas pull out of Beirut will mark the close of only the second phase of the Lebanon crisis. There are at least two more phases to come. If Mr. Habib intends to stay until they are resolved he had better start preparing, like the Israelis, for the long Lebanese winter.

The first phase of the Lebanon crisis was completed at the end of June when the Israeli army secured control of the 25-mile stretch running from Israel's northern border to Sidon. The second phase — determining what happens to the P.L.O. leaders and guerrillas in west Beirut — appears close to resolution. Phase three, however, will have to be painted on a larger canvas, for it will deal with the fate of the Syrian troops and Palestinian guerrillas spread out all over north Lebanon and the Bekaa Valley. And phase four will take up the grand question of the future political, economic and diplomatic relations between Israel and its neighbor to the north — provided that the neighbor is still in one piece.

It could be protested that this agenda is defined by Israel's objectives in Lebanon and ignores the wishes of the Lebanese, the Syrians and the Palestinians. That is true enough, but somehow irrelevant. Israel is the most powerful force in Lebanon right now and it seems inevitable, for better or for worse, that its actions will be decisive in determining the course of events here. Being forward-looking, the Israelis have already begun preparing for phases three and four.

New Controlling Positions

Last week an Israeli armored battalion moved up the coastal highway leading north from Beirut into the ancient port of Byblos and east to the mountainous village of Laqlouq. The thrust put the Israelis in a stronger military position to enforce their demand that all Palestinian fighters and Syrian troops in the northern Lebanese port of Tripoli and the Bekaa Valley leave Lebanon before the Israelis do. From Byblos the Israelis could easily strike north at Tripoli and from Laqlouq they can overlook the Syrian positions in the northern Bekaa Valley.

As the Israeli forces entrenched themselves in the north of Lebanon, Defense Minister Ariel Sharon repeated his warning to the Syrians: "Either they withdraw peacefully (from Lebanon) or face the consequences of Israeli forces coming within 25 miles of Damascus."

Although precise figures are not available, there are believed to be about 30,000 Syrian troops in the Bekaa Valley — always considered Syria's soft underbelly — and northern Lebanon. For the past two months they have been reinforced by scores of tanks, long-range artillery, truck-mounted rocket launchers and antiaircraft missiles. But their strategic position is gradually being eroded. As Israeli troops inch closer to them from the high ground to the south, west and now north.

The Syrians are formally in Lebanon under a 1976 mandate from the Arab League, which dispatched them to quell the civil war. The Lebanese Government, concluding that the Syrians tended to contribute as much civil strife as they quelled, has used the Israeli invasion as an excuse not to renew the Syrian mandate which expired July 27. No matter, Syrian President Hafez al-Assad says his troops will not leave Lebanon until the Israelis do.

As for the Palestinians, there are two large refugee camps north of Tripoli — Nahar al-Barid and Badawi — and another in the Bekaa Valley near Baalbeck, called Wavel camp. Palestinian sources estimate that there are 5,000 P.L.O. guerrillas based in the Tripoli region and 2,000 others working out of the Bekaa Valley, behind Syrian lines. These guerrillas are not covered by the current evacuation plan being worked out by Mr. Habib.

Israel's Conditions

Many here believe that the Israelis will use the same tactics against the Syrians and Palestinians in the Bekaa and north Lebanon that they used against the P.L.O. fighters trapped in Beirut: batter them and negotiate with them by turns until they agree to leave. Such could be Lebanon's winter.

If the Syrians were forced out by purely military means there could be unfortunate consequences for Lebanon. As the Lebanese recognize, the Syrians are their neighbors and always will be; if they left under unpleasant circumstances they could still make life very difficult for the Lebanese, whose economy is closely intertwined with Syria's.

Phase four, whenever it comes, will probably be less violent, in the view of observers here, but for Lebanon and the Lebanese perhaps no less wrenching. The Israelis have made several things clear in the past few weeks.

First, they do not want any Palestinian refugee camps south of Sidon. Toward that end they have already leveled the main camps in both Sidon and Tyre. The Israeli Minister of Economy, Yaacov Meridor, said Jerusalem wanted those Palestinians legally residing in Lebanon to be integrated into the local population — no more isolated camps where guerrilla activity and Palestinian nationalism can breed side by side.

Second, the Israelis have stopped asking for a multinational force to police south Lebanon but are calling instead for a "friendly Lebanese force." Could this be Maj. Saad Haddad, the Israeli-backed renegade Lebanese army officer who announced last week that he was expanding his Free Lebanon zone from the border strip all the way to the Awali bridge, just north of Sidon?

Finally, the Israelis say they want a peace treaty with a united Lebanon. This may be a contradiction in terms. Even such pro-Israeli Lebanese as former President Camille Chamoun have declared that while hostilities with Israel should end, Lebanon cannot sign a peace treaty with the Jewish state and expect to remain in the Arab community. This is crucial because virtually the entire Lebanese economy is based on providing services to the Arab world.

Poor Lebanon. This tiny and beautiful country has become a metaphor for everything that has gone wrong, everything that is unsettled in the Middle East. It is a nation-turned-no-man's-land. It is not for nothing that the Lebanese coined the Arabic proverb: "If she gets pregnant in Baghdad, she will come and deliver in Beirut."



People with people in mind.



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The World

In Summary

Saying Nay to Pipeline Ban In Washington

The effect was largely psychological, but damaging nevertheless, as the House Foreign Affairs Committee last week took aim at Administration efforts to punish the Soviet Union through trade restrictions. Ignoring Secretary of State George P. Shultz's warning that the action "would severely cripple" a major foreign policy initiative, the committee voted 22 to 12 to revoke President Reagan's ban on supplying parts for a 3,700-mile natural gas pipeline from Siberia to Western Europe.

Mr. Reagan has said the sanctions would be lifted if Moscow eased the pressure against liberalization in Poland. Otherwise, the Administration hopes to deprive the Russians of an eventual \$10 billion in annual gas sales and to minimize Western dependence on Soviet-supplied energy.

The ban has been challenged by Britain, France, West Germany and Italy and scorned by Moscow, which claims the pipeline is going ahead with or without American technology.

The 10-nation European Common Market last week formally accused the United States of acting illegally when it extended the sanctions on June 18 to more than \$2 billion of orders for American-designed technology produced abroad. At issue is not only ideology, but manufacturing jobs in recession-stricken Europe.

There were similar concerns in the House committee, where seven Republicans and 15 Democrats voted

raid on a Paris Jewish restaurant, in which six people were killed. (The group, at war with the Palestine Liberation Organization, has been linked to the shooting of an Israeli diplomat in London in June.) But there was no shortage of other suspects; besides having to keep track of its own pro-Arab leftists and neo-Nazi rightists, France has been a magnet for all sorts of Middle Eastern vengeance-seekers.

There have been eight violent incidents this month. In Paris, after the restaurant attack, an Israeli company's offices were bombed, a hall used for Jewish worship was set afire, and Iran was blamed for an explosion in front of the Iraqi consulate.

Jewish demonstrators and Israeli officials blamed Prime Minister François Mitterrand and the French press for creating a "climate" for anti-Semitic attacks. Mr. Mitterrand had warned traditionally chilly relations with Israel, but he also has condemned the invasion of Lebanon. Mr. Begin says that position, along with some newspapers' comparisons of Israel's action with the Nazi suppression of Jews during World War II, is tantamount to an attack on the French Jewish community, the fourth largest in the world.

Debating What To Tell Havana

Congress last week indulged in some verbal Cuba-bashing. The Senate voted to prevent by any means — "including the use of arms" — the creation in Cuba "of an externally supported military capability" endangering United States security. The House voted to authorize Radio Martí, a broadcasting facility some proponents hoped would "destabilize" or "dislodge" Fidel Castro.

"That is the only language the Communists know," said Senator Strom Thurmond, Republican of South Carolina, a supporter of the Senate action. Opponents called it a Caribbean Tonkin Gulf, recalling the 1964 measure that became the legal basis for American military action in Vietnam.

Supporting the \$7.5 million radio authorization, Representative Edward J. Derwinski, Republican of Illinois, said the station would "give the people of Cuba the truth, which they have been denied for 22 years."

But Iowa Congressmen feared that broadcasting on an A.M. frequency also used by station WHO in Des Moines would provoke Cuban jamming that would zap WHO's early morning farm news. And Representative Henry B. Gonzalez, Democrat of Texas, said that programs increasing tensions with Havana were bad policy in Latin America and contended, "We're headed straight for an electronic or a radio Bay of Pigs."

Turning to Cuba's neighbors, House and Senate conferees approved \$350 million for President Reagan's economic and military aid program for the Caribbean basin, part of \$9 billion in supplemental appropriations. But the conferees were skeptical about Administration involvement in El Salvador; they sliced 40 percent from \$128 million originally earmarked for that country and voted to exclude it from an additional \$52 million of worldwide military aid.

But in El Salvador, as American-supplied planes bombed guerrilla encampments and American-trained troops exchanged fire with residents of slum districts in the capital, Col. José Guillermo García, the Defense Minister, told visiting Congressmen more aid would be welcome. "Give me the means and I will solve the problem," he said.

Unrest Rises In Poland

The martial law regime of Poland bared its resolve last week as it put down demonstrations in four cities — and prepared for the potentially explosive second anniversary of Solidarity on Aug. 31.

The main confrontation was in Gdansk, the union's birthplace. It began as shipyard workers gathered at the site where scores of protesters were killed in 1970, and swelled into a march of about 10,000 people. It ended when police opened up with tear gas and water cannons. Other outbreaks were reported in Warsaw, Cracow and Wrocław.

Yesterday, unabashed Poles placed flowers at the workers' monument in Gdansk and made a new outdoor cross of flowers and votive candles in Warsaw in place of one repeatedly removed by police.

The demonstrations, the biggest since nationwide rioting on May 3, marked the ninth month of martial law and came on the eve of the second anniversary of shipyard strikes that launched Solidarity. The union's underground leaders have called on all Poles "to demonstrate that Solidarity is alive, operating and fighting" despite its suspension when martial law was imposed on Dec. 13.

Milt Freundelstein and Katherine J. Roberts



Representative Paul Findley

against the ban. Representative Paul Findley, the Illinois Republican who sponsored the measure, said the ban was costing American manufacturers hundreds of jobs and had pushed unemployment in his district to 18 percent.

"We shoot with this rubber gun where the barrel is turned at us," said a Washington spokesman for the aggrieved American manufacturers. But last week's vote also had more bounce than bite. It would not affect Presidential authority to go ahead with sanctions under the 1979 Export Administration Act.

Different Sort Of Downfall?

For 35 years, the more Italian governments changed, the more they seemed to remain the same. But with the decline and fall of Rome's 41st administration since 1945, the dismantling of Christian Democratic dominance — and the status quo — appeared to be in full swing last week.

The 13-month-old Government of Giovanni Spadolini collapsed last weekend after seven Socialist ministers walked out of his fragile five-party coalition. They accused the Christian Democrats, his senior partners, of helping to defeat a tax-the-rich bill after promising support.

Mr. Spadolini, leader of the tiny Republican Party and the first non-Christian Democratic Prime Minister since the war, tried to form a new Government. Yesterday he came up with proposals for reforms to speed decisions by Parliament and make coalition ministers more responsible to Government policy. The Socialists and other coalition members indicated tentative approval and promised formal replies this week.

Anti-Semitism By Any Name

"There is not an important anti-Semitic movement in France," said the prominent French commentator Raymond Aron after the bombing of a synagogue in 1980. "There are little groups of killers, and it is not the same thing." But last week after one group of killers staged the bloodiest attack on Jews in France since World War II, many French Jews — and Israeli leaders — failed to see a practical difference.

Authorities believed that a renegade Palestinian group was responsible for the grenade and machine-gun

With the Military and Economy Weakened, Unions Flex Their Muscles

Argentine Giant Is Waking Up Grouchy

By EDWARD SCHUMACHER

BUENOS AIRES — After more than six years of military rule, a key to Argentina's precarious stability once again lies with its labor unions. They have been given new life in part by the disastrous war with Britain for the Falkland Islands, which left the economy in tatters and undermined all confidence in the ability of the military Government to repair it.

But pressures were building before the war. The Argentine worker is caught in the paradox of a two-year-old recession and the world's highest reported inflation rate, which is running at more than 150 percent a year and rising. The Government reported last week that real income for industrial workers dropped an astounding 46 percent between January 1981 and March 1982.

Church-run soup kitchens are springing up, and people are demonstrating outside stores. Unemployment estimates in recent weeks have ranged from 6 to 18 percent. Last Sunday, thousands of Argentines shuffled through a small chapel in a blue-collar suburb of Buenos Aires to pray to San Cayetano, the patron saint of bread and work.

The question is whether Argentina's 1,100 unions will spark the tinder. Largely dormant under the military, they are beginning to flex their muscles again. Strikes are illegal, but dockworkers struck for jobs and higher wages two weeks ago. Railroad engineers called a strike for this week. The two national labor confederations, though technically banned by the military, last week openly began preparing nationwide strikes.

"We are subscribers to social peace," said Ramon Baldassini, head of the postal union and spokesman for one of the confederations. "But there are limits and there are conditions in which this social peace becomes seriously threatened." Luis Etchezar, head of the railroad engineers, was more blunt. "Acts of force should never be discounted," he said.

Argentina's unions marched into world view at the end of World War II as the force that carried Juan Domingo Perón to power. Until 1976, when the military overthrew the late dictator's wife and successor, Isabel Martínez de Perón, the Argentine labor movement was the strongest in the Americas. Founded in the 19th-century sweatshops of Buenos Aires, its development was almost identical to the labor movement in the United States. But where American labor in the

1930's moderated and became politically independent, the Argentine movement hitched up with General Perón.

Today, about 70 percent of Argentine workers are unionized, compared with less than a quarter of the workers in the United States. Argentine unions are also more tightly knit than their American counterparts. They have often been called Argentina's second army; indeed, it was when General Perón began to arm them that he was first overthrown by the regular army in 1955.

Under Mrs. Perón, labor corruption was rampant, and ministers were hired and fired under union pressure. The Argentine Congress voted huge pay increases at labor's demand, sending inflation spiraling.

After it overthrew Mrs. Perón, the military Government set out to tame the unions. It banned the General Confederation of Labor, the Argentine equivalent of the AFL-CIO and an integral part of the Peronist Party. Strikes were outlawed, and the Government took over the unions' welfare programs.

About 50 labor leaders were banned from union activity. Powerful unions such as metalworkers and truckers were broken into regional groups and retired colonels were put in charge.

But today the military is on its way out, promising elections by March 1984. Its six-year crack-down has had mixed results. Many of the old leaders and unions remain active. But by recognizing a younger generation, the military has succeeded in dividing and moderating the movement.

Two groups now call themselves the General Confederation of Labor, distinguished in the press by the Buenos Aires streets where they are located. The group on Brazil Street is the old, more



Argentinians protesting economic conditions earlier this year are forced into a police wagon.

militant organization led by Saul Ubaldini, a brewery worker. Several blocks away on Asparado is the new federation led by Jorge Triaca, head of the plastics union. The new group, said to have 2.3 million members, is almost three times the size of the old. Its leaders believe more in dialogue than in confrontation with the military. The principal difference emerging today, however, is that the new labor group is more politically independent, although most of its leaders are Peronists. On bread-and-butter issues the two organizations hold similar views.

The shakeout between the two groups and the fate of the entire labor movement may depend largely on laws the Government is expected to hand down soon. The laws will open the way for union recruitment and elections, leaving many answers about the movement's future up to Argentine workers themselves.

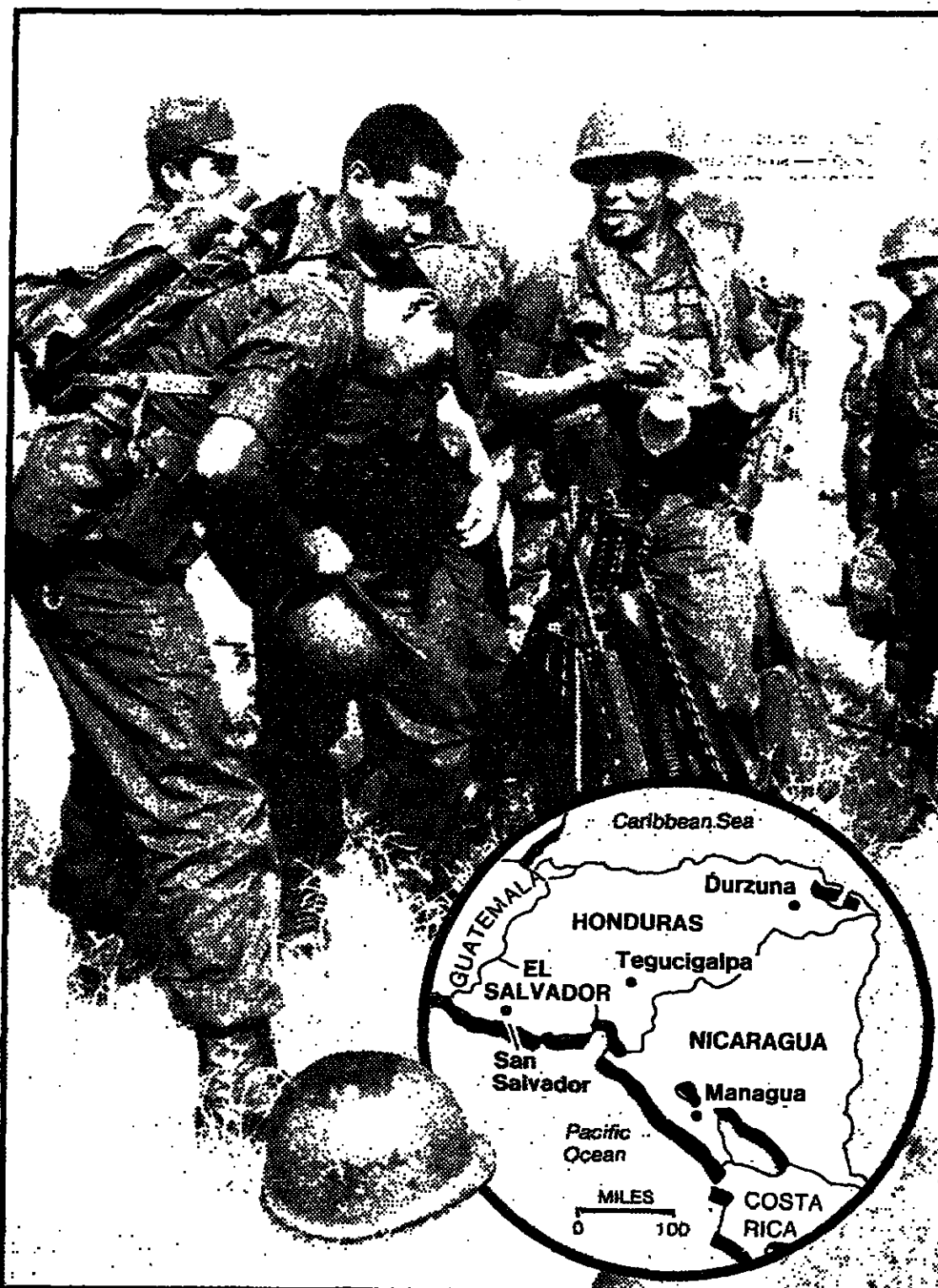
A critical issue is whether the Government will give the unions back their hospitals and welfare facilities.

The huge amounts of money from payroll deductions for the extensive welfare systems the unions ran for their members were a primary source of their economic and political clout.

The Government has sought to be conciliatory, meeting with both confederations. It ordered public and private wage increases of between 20 and 30 percent in July and is expected to grant another big increase this month.

President Reynaldo Bignone last week called the unions' pay demands "logical and just." But he acknowledged that logic and justice run up against a Government and economy that are deeply in debt. "There are no magical solutions," he said.

Moderates Worry About Rapid Buildup and Friction With Nicaragua



Honduran troops during a joint military exercise with U.S. troops near the Nicaraguan border.

the most potent in Central America, with more jet fighters than any of its neighbors, including Nicaragua. It has 18 helicopters, most of them leased from the United States (and only two fewer than El Salvador's fleet), and it wants Washington to sell it 10 more, along with transport planes and 12 F-5E fighters.

The Reagan Administration has found less public and Congressional opposition to sending military aid to Honduras than to Guatemala or El Salvador. One reason is that the Honduran Army, while far from a model with respect to human rights, could set an example for the soldiers of El Salvador and Guatemala. In addition, Honduras has had since January a democratically elected President, Roberto Suazo Córdova, whose perceptions of the threat from Nicaragua coincide with those of the Reagan Administration.

Last month, President Suazo Córdova, accompanied by the chief of the armed forces, Gen. Gustavo Álvarez Martínez, went to Washington, where he met with President Reagan and ranking Administration officials. He asked for, and was promised, more military aid. Since 1980, United States military assistance has nearly tripled, to \$10.6 million for this year. The Reagan Administration has requested an additional \$21 million to modernize three airfields so they can be used by American transport and fighter planes.

During recent months as many as 95 American military advisers have been in Honduras, nearly twice as many as in El Salvador. And United States military units from Panama helped the Hondurans establish a base in Durzuna, in a remote region about 25 miles north of the Nicaraguan border. Managua charged last week that the Reagan Administration was trying to provoke Nicaragua into a war with Honduras.

Economic Burden

While there is general aversion among Honduran Army officers and civilian Government leaders to a socialist neighbor and a greater concern about Nicaragua's military buildup, there is some disagreement about just how far to go in combating Nicaragua. The hard-liners, headed by General Álvarez, an Argentine-trained officer, are inclined toward a military strike against Nicaragua. Although the Nicaraguan Army — with an estimated 50,000 trained soldiers — is larger than Honduras's, it is weak in officers and lacks combat experience.

Some lower-level Honduran officers, however, say they can tolerate a socialist Government next door. "But the Cubans have to go," said a Honduran major, in referring to Havana's military advisers in Nicaragua. The threat to Honduras would be diminished, they argue, if the pro-Soviet members of the Nicaraguan Government were removed from power. These moderate officers hope that the Honduran military buildup will persuade the Nicaraguans to bring about these changes themselves rather than risk a war.

But the military buildup, even if intended only as a psychological threat to Nicaragua, is a heavy burden for the Honduran economy. A negative growth rate is forecast for this year; the country's foreign reserves are virtually depleted, unemployment is rising.

Above all, argue many Hondurans, including some army officers, the money for defense would be better spent on building up the country's infrastructure. Honduras is the most underdeveloped of the Central American countries — the highway between Tegucigalpa, the capital, and San Pedro Sula, the country's second largest city, was not paved until the 1970's.

Construction of about 50 rural health clinics has been halted for want of funds and more than 100 existing ones are without medicine and staff, according to a Honduran business leader who opposes a beefed-up military. He said it will cost about \$10 million to build the air strip at Durzuna.

The Honduran military insists that despite the buildup it will not start a war with Nicaragua. But given the view of many senior officers that Nicaragua is a communist state bent on expansionism and given Nicaraguan clashes with anti-Sandinist guerrillas based in Honduras, the risk of a war may be rising.

All of a Sudden, Honduras Has Gone on War Footing

By RAYMOND BONNER

TEGUCIGALPA, Honduras — In a region wracked by civil war and revolution, Honduras has managed to maintain an unusual level of stability and even to erect a framework of democracy. Thus, many Hondurans must have found it disturbing when their army was placed on a state of alert last week and the country continued a highly visible military buildup.

Since June, about 3,000 Honduran soldiers have been involved in combat operations with the El Salvadoran Government against that country's leftist rebels. And in recent weeks incidents along the Honduran-Nicaraguan border have increased, with each side accusing the other of violating its

territorial integrity. On one occasion, according to the Honduran Government, soldiers from the two countries engaged in a brief fire-fight. Many soldiers and civilians here are worried that one of these border incidents may escalate, until the war reaches the stage where no one remembers how it started.

Honduran infantry units have been expanded so rapidly that officers are performing dual responsibilities, a senior officer said recently. Now about 20,000 strong, the Honduran Army is almost as large as El Salvador's and Guatemala's, even though the population of Honduras, about 3.5 million, is considerably smaller than that of either of its two neighbors and there has been virtually no guerrilla activity here.

The Honduran Air Force is already considered

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No-Frill Imports Are Wanted — and No Foreign Ownership of Business

India Goes It Almost Alone In Economic Development

By WILLIAM K. STEVENS

NEW DELHI — Five years have passed since Coca-Cola and the International Business Machines Corporation were forced out of India, one because it refused to give the secret formula for Coke to Indian bottlers and the other for refusing to cede a majority interest in its Indian operation to Indian investors.

To those who rightly or wrongly saw that twin debacle as vivid proof of Indian inhospitality to American business, it must have come as a surprise when Prime Minister Indira Gandhi held out her hand in friendly invitation to American businessmen during her recent visit to the United States.

India, she told a group of industrialists in New York, has grown strong enough economically so that it can afford to lift or ease many of the controls long imposed on imports, foreign investment and free enterprise generally. Furthermore, she said, India must liberalize such areas of its economy if its development as an emerging industrial nation is to continue.

But she also left no doubt about the limits of foreign involvement. How, she was asked, can India develop the high technology that would enable it to join the ranks of modern economies if it cannot secure the help of companies such as I.B.M.? That, she said, depends on the attitude of those who want to come to India. "Obviously," she told the businessmen, "I cannot allow anything that impinges on our independence. Any kind of dominance in the economic field does impinge on our independence."

In that statement lies perhaps the main clue to India's economic stance in the world, to the rationale for a policy that sometimes seems vexing, and contradictory to Westerners and to prospects for cooperation between the world's two largest democracies. In economics as in all else, India on the 35th anniversary of its liberation from

the British crown projects an almost prickly air of independence that goes beyond simple nationalistic pride. One of the bedrocks of Indian economic policy is a conviction that the nation must go it alone, relying on its own resources as much as possible.

India long ago decided it would not live beyond its means by buying more abroad than it could pay for. Or at least more than it absolutely had to buy to promote basic development. Far better, India's planners reasoned, to avoid balance-of-payments deficits and to build slowly toward a self-reliance that in the long run would be more stable, even if it meant a relatively anemic array of consumer goods for Indian citizens in the meantime.

In the first years of independence, India spent more freely abroad. "We were in the very happy position of having large sterling balances accumulated during the war years," explains L. K. Jha, one of Mrs. Gandhi's main economic advisers. This money, he said, was owed to India for supplies it produced during World War II. "So we were in a position to import without worrying about how to pay for it. That situation led to the first spurt of very fast growth in which we allowed the import of plants and machinery almost at will."

But after 10 years, he said, it became clear that the reserves were being used up dangerously fast and that India was therefore "constrained to see that we used foreign exchange cautiously." Imported items regarded as luxuries were essentially prohibited in the world's 10th largest industrial economy.

Strings Attached

India, in effect, has been telling any foreign company seeking to operate here: You can come, but you must sell products that contribute directly to our development. This means, above all, the front-rank technology necessary to produce modern capital and the high-quality consumer goods that India largely lacks. Foreign companies cannot

own a majority interest in the manufacture of goods unless a large share of production is for export. An exception is made for state-of-the-art technology such as advanced computers. Depending on how high a priority the Government places on the technology, the foreign company can be allowed to hold a majority interest. One of I.B.M.'s problems in 1977 was that it was purveying old, established technology.

These rules allow for a roughly equal partnership between foreign and Indian companies, and American diplomats here say that an outside company can do well if it ties up with a good Indian company, as many have already done. One estimate places the direct United States investment in joint ventures here at nearly \$400 million. But some American analysts say this is considered peanuts — as is the \$3 billion a year in trade between the United States and India, even though that figure last year made the United States India's biggest trading partner.

Other Headaches

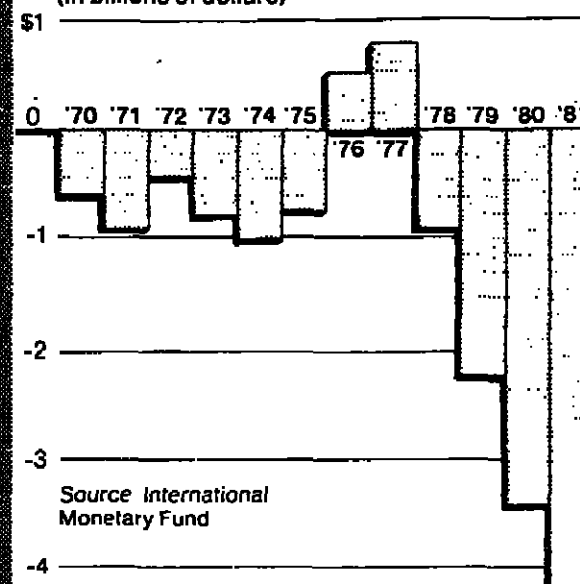
One reason United States activity is not as high as it might be, American diplomats say, has less to do with India's stringent rules than it does with country's legendary red tape and self-admitted bureaucratic rigidities. Power failures, port tie-ups, transportation breakdowns and spotty communications add to the headaches, they say. Mrs. Gandhi says that as part of the "liberalization" program, controls have been lifted on many imports of capital goods and raw materials. She maintains that red tape is being cut, and that the infrastructure is improving.

India insists, however, that the infrastructure cannot continue to improve unless present levels of low-interest loans from the World Bank are maintained. The United States cut contributions to the loan fund, but Mrs. Gandhi received assurances in Washington that India would get special attention. There were reports here last week that such aid would soon be increased from its 1982 level of \$800 million.

Some Indians say that the effects of generations of colonial exploitation justify the country's need for financial concessions. They also point out that India's economic progress has been uneven, that large areas of the country and huge segments of the population remain desperately poor. India's main economic achievement since independence, it is believed, is that it has become essentially self-sufficient in food-grain production. But there is a wide-

India's balance of payments

(in billions of dollars)



Source: International Monetary Fund

spread conviction among Indian leaders that in other areas the country's brand of state capitalism has fallen short of expectations. Liberalizing the private and trade sectors is seen as one way to increase efficiency, productivity and growth.

Why should it all matter to the United States? Because, say American students of the question, it is impossible to ignore a strategically vital, subcontinental nation of nearly 700 million people linked to the United States by democratic ideals and humanitarian considerations. In economic terms, they reply that there is much money to be made here if and when India achieves a truly modern economy. The India of the future, say some American diplomats, represents a huge market with an equally huge supply of inexpensive labor.

If that is true, there will be competition for it, and Mrs. Gandhi has made it clear that she will deal with whoever can provide India with what it needs. It is perhaps a straw in the wind that on her way back to India from the United States, she stopped in Japan. There, Prime Minister Zenko Suzuki said his country was ready to extend maximum economic and technological help to India.

For Internal and Strategic Reasons, It Pays to Get Along

'Nonalignment' Policies Are Wearing Well in Indonesia

By COLIN CAMPBELL

Amid the fading modernity of the Savoy Homann Hotel on Asia-Africa Street in Bandung, the dining room is still so optimistically spacious, the jazz so cool and the dusty veranda — with its huge mural of the Indonesian people — so amazingly 1960's that it is easy to picture oneself at the Afro-Asian Conference of April 1955.

Nehru of India, Nasser of Egypt, Zhou Enlai of China and dozens of other potentates went to Bandung as guests of Sukarno of Indonesia. The conference, which virtually launched the nonaligned movement, has helped keep Indonesia high on its lists.

In a recent reminder, a delegation of Iranian mullahs arrived in Jakarta seeking support for moving next month's nonaligned summit meeting from Baghdad. A few days ago, their Iraqi enemies came by to lobby for keeping the meeting as planned. President Suharto's responses may not have tipped the balance of war, peace or even the venue of the nonaligned leaders' meeting. But it must have been gratifying to have been entreated.

Like other nonaligned countries, Indonesia has its diplomatic leanings. Yet unlike many of them, its international likes and dislikes haven't changed much since General Suharto came to power in the mid-1960's. The country's movement toward deeper economic relations with the United States, Japan and the West has been steady but as deliberate as a Javanese dance.

Dumping President Sukarno's theoretical attachment to Communism and his active attachment to Peking, Mr. Suharto's military Government "suspended" relations with China 15 years ago. They are still suspended. Rumors that ties may soon be resumed have been fed by statements by high officials that resumption is "only a

matter of time"; but they are still just rumors.

Relations with Moscow had cooled even under Sukarno and remain cool. But Moscow didn't censure Indonesia's invasion of East Timor in 1976; Jakarta didn't condemn the Soviet invasion of Afghanistan. (Nonetheless, possession of Communist literature is punishable by lengthy imprisonment.)

Longstanding ambivalence toward Vietnam also continues. Leading Indonesians see Vietnam as a Communist threat of sorts. Differences over ownership of a stretch of South China Sea-bed north of Indonesia's Natuna Islands raise fears of a Soviet-Vietnamese takeover of the islands. But multiple dangers from Vietnam's enemy, China, still get priority; the Indonesian military recalls that Vietnam, like its own "class of 1945," overthrew a colonial power. A high Indonesian official said the military's sympathy for Vietnam "is partly a certain admiration for military prowess, or achievement or stature — for history. It is an admiration among professionals, like some people have admiration for Israel."

A Shrug for Vietnam

Despite Jakarta's staunch disapproval of the Cambodia invasion, Vietnam is still viewed by many Indonesian generals and other nationalists as having been forced into the Soviet liaison by Chinese hostility. Indonesia and Vietnam both have deeply distrustful ethnic Chinese minorities. Foreign Minister Mochtar Kusumaatmaja said of Vietnam's objectives in Indochina, "They want to be a big power in the region. (But) I don't think they went about it in the right way." Other strategists added that Vietnam is nice to have between Peking and Jakarta.

One policy planner privately shrugged at the prospect of permanent Vietnam dominance in Indochina. "Let

them have it," he said. Regional stability, not Cambodia, is his concern, along with keeping the great powers out of a desired "Zone of Peace, Freedom and Neutrality."

But policymakers say they want the American Navy to stay in the Pacific because China and the Soviet Union are already there. For reasons of principle as well as economic development, Indonesia says it wants to be friends with everybody.

Indonesia gets along fine with the neighboring Australian Government, despite nonstop Australian press attacks since the East Timor takeover. Indonesia is Australia's second largest aid recipient, after Papua New Guinea, a former Australian possession. (An Australian diplomat smiled at an Indonesian official's private comment that Australia is a small, strike-torn, insignificant country compared to 154 million Indonesians. The two countries, the Australian said, seemed to be moving in opposite directions, with Australia becoming more open and Indonesia "more repressive.")

With Japan, Indonesia has had serious difficulties. Grudges remain from the World War II occupation, face-to-face encounters are sometimes troubled, and Indonesians fear Washington is making Japan the policeman of Southeast Asia. Resentment of Japan's huge investments may eventually produce a backlash. Rumbblings about growing domination by Tokyo (and Washington) have been frequent for years. "It's the general impression that it's in the United States Government's interest to support this repressive and corrupt Government because of global strategy," said a Moslem intellectual.

Other Indonesians agreed that Jakarta was slowly moving closer to Washington — despite assertions of nonalignment, a notable absence of kind official words for the United States and recent tensions over economic policy and the rejection of an American ambassador.

But nonalignment is still a serviceable doctrine. The elite, for or against the regime, sees the country as unusually independent. Nonalignment cuts across the country's own regional, political and religious divisions. It distinguishes Indonesia from its much smaller fellow members in the Association of Southeast Asian Nations, where the Philippines, Singapore and Thailand are vocally aligned with the West. And it possesses ritual magic — important especially in Java where successive faiths have tended to blend rather than displace each other.

Colin Campbell, The New York Times correspondent in Bangkok, recently spent three weeks in Indonesia.



German-Liaison / France is Leches Indonesian President Suharto

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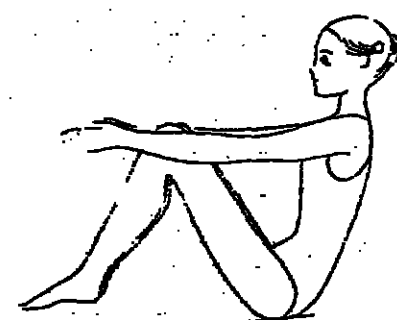
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By Judie Oron

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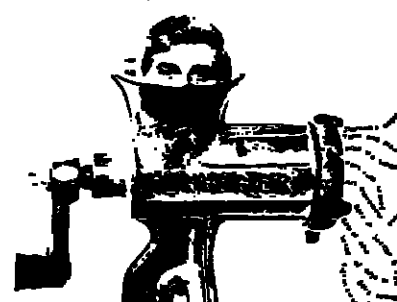
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By Alex Berlyne

Alex Berlyne's mind is either a fount of erudition or a rubbish dump, depending on your point of view. In the ten years "With Prejudice" has been appearing in The Jerusalem Post, the column has dealt with such abstruse topics as Anal in Language spoken in Burma and Manipul, the way Shakespeare's puns crop up in comic postcards four centuries later, and the age-old question of "Who is a Sioux?" With tongue planted firmly in cheek, Berlyne lovingly assails nearly every institution hallowed by man.

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The Nation

In Summary

Sweating Out The Tax Increase With Congress

If the \$100 billion tax bill that finally emerges from House-Senate conference isn't held together with baling wire, the conferees might well be. And, if White House headcounters are right, so could be the vote in the House. There, the Democrats, who want more than anything to have an election-year tax increase called Republican, won't move until 100 of the chamber's 192 Republicans are guaranteed; and many, if not 100, Republicans are very unhappy.

The President passed his week pulling out the stops for a measure he insisted was "80 percent tax reform," 20 percent tax increase and all of it essential to keeping deficits down. "There is not any flip-flop at all; I would prefer to reduce our budget deficits by continuing to reduce Government spending," said Mr. Reagan when asked about his previous staunch supply-side resistance to revenue-raising measures. The conferees spent their all-night sessions, only to recover mid-afternoon yesterday with many of their toughest issues still ahead.

Some, however, had already been tackled — and in a manner not likely to endear the bill to Republican incumbents anxious about "the optics," as one long-time observer puts it, and about more general, recession-induced Democratic charges of unfairness. Though business appears to be taking its knocks — the conference agreed to reduce the depreciation allowance on plant and equipment that was central to last year's tax cut — the fabled "three-martini lunch" deduction for businessmen

In last week's primaries, Republicans picked a conservative businessman, Richard Headlee, to be their candidate for Governor. Mr. Headlee, who among other things favors sharp cuts in welfare payments, said he hoped the President would make a campaign stopover on his behalf. Mr. Headlee's opponent will be United States Representative James J. Blanchard, a moderate Democrat who helped engineer the Federal Government's bailout of Chrysler and who advocates public works programs to ease the impact of the state's 14.7 percent unemployment.

In Georgia, the gubernatorial choices won't be clear until later this month, and Congressional picks later than that. In the gubernatorial, United States Representative Bo Ginn finished with 36.3 percent, not enough to avoid a runoff on Aug. 31 with the Democratic runnerup, State Representative Joe Frank Harris. The winner faces State Senator Bob Bell, who won the Republican nomination with little difficulty. (One notable Democratic loser was Jack Watson, former White House chief of staff for President Carter; he finished far behind.)

The congressional primaries have been long delayed by a reapportionment dispute in Atlanta. The Reagan Justice Department had declared the Legislature's initial redistricting plan unacceptable on the ground that it diluted black political strength. Late last week, Washington approved new plan that would increase the Fifth District, once served by Andrew Young, now Atlanta's mayor, to 85.02 black, but asked for another revision of the election schedule itself, to permit campaigning time.

The Hour Comes In Virginia

Frank J. Coppola never stopped insisting that he was innocent. But last spring, after four years on Virginia's death row, he fired his lawyers and said he wanted to die. Last week, after the failure of last-minute legal maneuvering on his behalf, including an appeal to the United States Supreme Court, he was put to death in an electric chair in the Richmond State Penitentiary.

His was the fifth execution since 1976, when the Supreme Court, which had earlier said that capital punishment as practiced was unconstitutional, ruled that under properly framed laws the death penalty was acceptable. The execution of Mr. Coppola, a former police officer convicted in 1976 of beating a woman to death during a robbery, was the first in Virginia in 20 years.

Virginia Gov. Charles S. Robb later called his refusal to stay the death sentence the most "difficult and emotionally draining" decision he had faced. President Reagan, a supporter of capital punishment, telephoned Mr. Robb, expressing "sympathy" and noting that in 1967, when he was Governor of California, he refused to intercede and a man convicted of killing a police officer was put to death in a gas chamber.

Some authorities speculated that the High Court, by refusing to block the electrocution of Mr. Coppola, may have been giving notice to lower courts that executions should not be delayed indefinitely. More than 1,000 men and women are now confined in prison death rows around the nation.

And Speaking of Special Delivery

The price of a first class stamp may seem high now, but it would undoubtedly be the best bargain in town after a nuclear war if the Postal Service kept its promises. Ralph H. Jusell, the agency's civil defense coordinator, assured a Congressional committee last week that if people were left when the dust settled, they would get their mail.

Mr. Jusell and James K. Jones, general manager of the prevention and planning division, described plans to move postal headquarters from Washington to Memphis if the capital were destroyed. They added that most post offices have already been stocked with thousands of change-of-address forms for apocalyptic convenience. Representative Edward J. Markey, Democrat of Massachusetts, called the plans "long on wishful thinking and short on reality." The adjective "idiotic" was also heard in the stately hearing room.

Postal Service contingencies are part of a multi-billion dollar civil defense effort proposed by the Administration that continues to draw widespread criticism. "Planning for life after a nuclear war is like planning to live in hell," Gene LaRocque, a retired admiral and director of the Center for Defense Information, said. "Nobody has the slightest idea what it will be like." The reaction of Representative Robert Garcia of New York during the proceedings last week seemed to speak for many: "If the bomb comes, I hope it hits me in the middle of the head."

Michael Wright
and Caroline Rand Herron



Representative Dan Rostenkowski (left) with Senator Bob Dole at conference committee meeting.

was preserved; waiters will be required to report tips more thoroughly. And while the provision which permits corporations to sell their tax breaks to each other was still being wrangled over, personal deductions for medical expenses were cut and telephone excise taxes raised.

Members of the House and Senate trying to reconcile different ideas of where to cut domestic spending, and by how much, weren't having a much easier time. Their talks stalled over limiting cost-of-living increases in Federal pensions — despite intimations from the White House and direct warnings from Senate budget chairman Pete V. Domenici that the \$130 billion deficit reduction over three years (that includes the tax measure) could hang in the balance.

But the White House was making out well in the matter of increases for the military, which only the Administration's bolder critics charge is as responsible for the deficit crunch as last year's tax cut. By week's end, Armed Service Committee conferees had effectively given Mr. Reagan nearly all the money he asked for, and the way he wanted it. That includes production of the MX missile that no one, including the White House, yet knows where to base, and a new type of nerve gas weapon, for a record total of \$177 billion in military procurement for 1983.

The only place where there wasn't much action last week was in the economy, which dove into recession last summer as Congress was voting Reaganomics I. While wholesale prices rose six-tenths of 1 percent in July, less than in June, industrial production declined in July, for the 11th time in 12 months. "The inflation number is a good number," said Allen Sinai of Data Resources Inc. "But it is getting better because the recovery is still bad."

A Clear Choice, A Delayed Choice

Voters often find themselves choosing among sound-alike candidates. That won't be the case in Michigan come November.

Tax Increase Prompts Worst Intraparty Squabble of Administration

Reagan Runs a Reverse, Collides With Right Wing

By HOWELL RAINES

WASHINGTON — Among conservative Republicans, these are being spoken of as the days in which President Reagan abandoned Reaganomics. The candidate who campaigned for the biggest tax reduction in history has evolved into a President who spent much of the week urging Congress to pass what his critics describe as the biggest tax increase ever proposed.

It has all the things that Jimmy Carter used to propose that we used to beat up on," observed Representative Newt Gingrich, a Georgia Republican prominent in the Congressional revolt against the President's \$98.9 billion tax bill. That revolt within the President's own party, he added, "is really a grass-roots rebellion over wrong policy."

To offset such talk, Mr. Reagan summoned scores of lawmakers to the White House to hear his claim that the tax increase is needed to lower the deficit and bring the lower interest rates needed for economic recovery. Privately, White House aides and their Congressional allies tried to reinforce the President's message with a combination of threats and pleas. In sum, Mr. Reagan's tax plan brought a week of intraparty squabbling the like of which has not been seen in Washington since liberal Democrats turned on President Carter in the second year of his term.

The Republican squabble was triggered by what Representative Jack F. Kemp, the leader of the dissident Republicans, called Mr. Reagan's "dramatic U-turn" on economic policy. Mr. Kemp recalled that Mr. Reagan had long argued that the way to reduce government spending was to strangle it off with lower taxes. In his days as a pure supply-sider, Mr. Reagan also argued that lowering taxes stabilizes the economy by freeing up more investment capital. But in his advocacy of the new tax bill, he turned that reasoning on its head. In commercials to be broadcast this week at a cost of \$350,000 to the Republican National Committee, Mr. Reagan argues that higher taxes will "allow us to cut spending even further."

With Republicans already attacking this flip-flop, a White House official observed, "There's no question that the Democrats will try to use it. I think they'll argue the inconsistency of the biggest tax cut in history one year and the biggest tax in-

crease in history the next. Regardless of what the President says it will be written as the biggest tax increase," he added. The aide was referring to Mr. Reagan's contention that 80 percent of the new revenues would come from more efficient collection of taxes already owed.

"No alternative" is the standard reply when Reagan advisers are asked why the President would open himself to attacks from the Democrats. Then they explain the deficit-oriented economics that Mr. Reagan has adopted in place of



President Reagan speaking out for new tax bill in Billings, Mont. last week.

his supply-side faith. The President is convinced that the decline of the prime interest rate to the 15 percent level (it dropped to 14½ last week) presages economic recovery. But he believes the financial markets will react with alarm and interest rates will shoot up again, killing the recovery, if the fiscal 1983 deficit climbs to the \$185 billion level. So Mr. Reagan is willing to "swallow hard," as he puts it, and call for enough taxes to hold the deficit to the \$100 billion level.

Mr. Kemp and his allies believe it will damage Republican Congressional candidates to raise taxes in an election year. But White House strategists retort that it is the Republican dissidents who pose the greater political threat. His pollster, Richard Wirthlin, is telling Congressmen that Mr. Reagan's "leadership image" is their greatest asset in the fall election. For Republicans to help defeat the Reagan tax bill would make the President look weak and damage the party's can-

didates across the board, he says. White House aides worry that the disagreements could end this session in a quagmire with Republican members blocking the President's program.

The Presidential politics of 1984 was also a strong underlying issue. White House officials accused Mr. Kemp of trying to advance his chances for the nomination by trying to sabotage the Reagan economic program. Mr. Kemp retorted that principle rather than politics caused him to oppose the President's tax increase. But his followers suggested that Mr. Reagan's drift to the center opened up opportunities for Mr. Kemp on the Republican right.

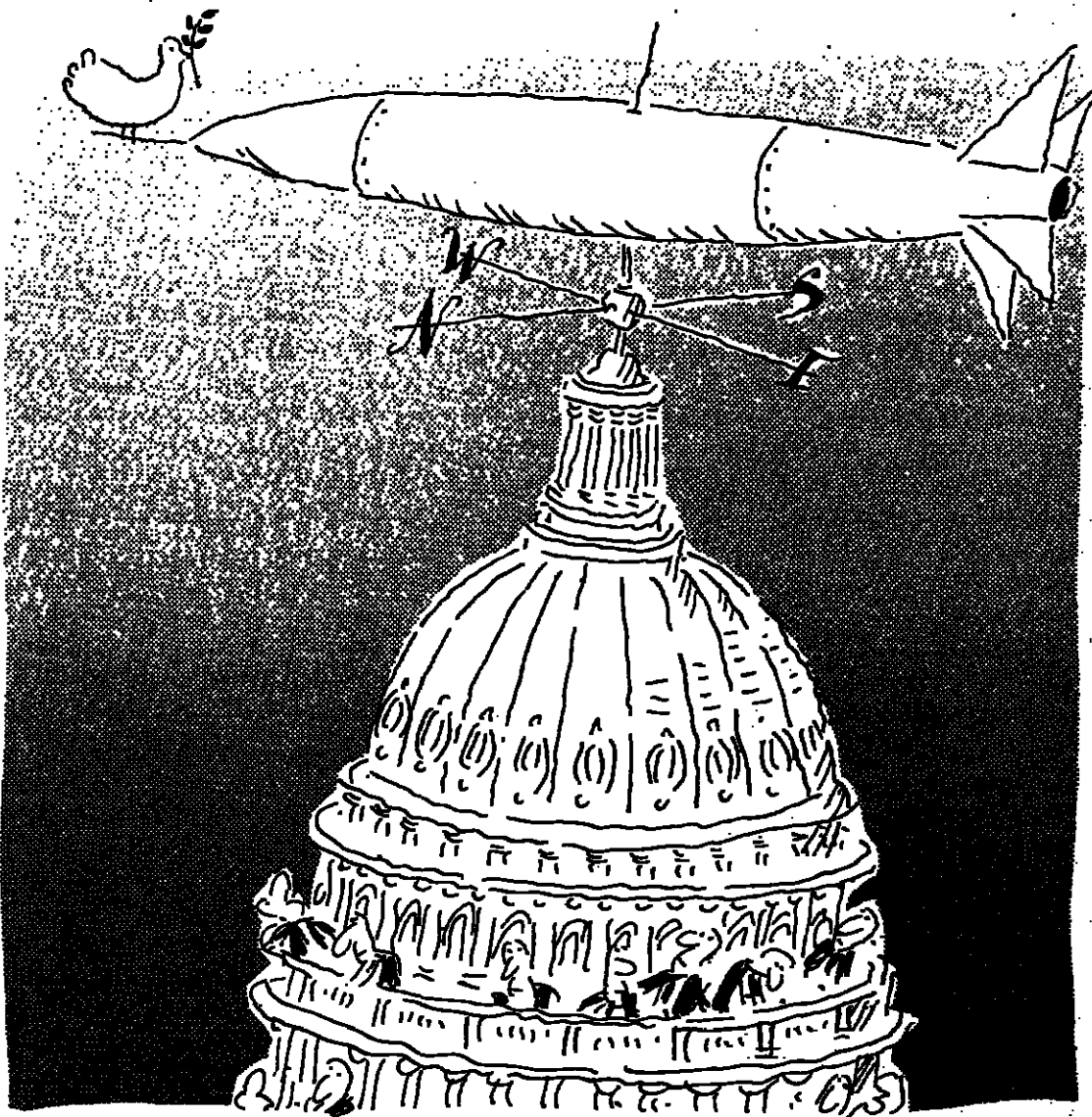
On the more immediate issue — the prevention of a Congressional deadlock — the White House first resorted to political muscle. First, Mr. Reagan jerked Lyn Nofziger, a longtime Reagan adviser who originally sided with opponents of the tax bill, back into line. Laying his defection to "pure stupidity," Mr. Nofziger, with the President's blessing, told Cabinet members not to make campaign appearances on behalf of Republicans who opposed the tax bill. Congressional outrage at Mr. Nofziger's strong-arm tactics may have cost the President support. Mr. Reagan's sensitivity to this prospect caused him to extend his brief, previously unscheduled press conference on Friday to say "no, we're not threatening anybody, and I'm going to do everything I can to get all the Republicans I can into office."

So by week's end, reassurances replaced threats, and things were going more smoothly for an Administration which by now had put virtually every ounce of its prestige on the line. Even Secretary of State George P. Shultz took time off from the Lebanese crisis to lobby Congressmen. And Mr. Reagan warmed up for his prime-time speech scheduled for tomorrow night in the Friday press conference, attacking the "plain hogwash" put out by his critics. The tone was classic Reagan, and contrasted with the flat, defensive references to the tax increase in an otherwise upbeat appearance at the Billings, Mont., centennial earlier in the week. Mr. Reagan's newfound enemies on the right were driven to new fury. "This media blitz is an unprincipled desperation resort to high-handed tactics," fumed Richard A. Vi-guerie, the conservative fundraiser, in accusing Mr. Reagan of betraying contributors by using national party funds to promote a tax hike.

But Representative Guy Vander Jagt of Michigan, chairman of the Republican Congressional campaign committee, predicted that eventually Republicans would, like Mr. Reagan, embrace the tax raise as the lesser of two evils. "There's no alternative," he said. "That will gradually sink into the minds of the members. If they vote against it they will be voting to raise the deficit by \$350 billion over the next three years."

Congress's Inner Conflicts Reflect Uncertainty Over Voters

Crying All the Way to the Arsenal



Nicolas Aulin

By JUDITH MILLER

WASHINGTON — One night late last week, House and Senate conferees approved a \$177 billion defense authorization bill for fiscal year 1983 that gave President Reagan the MX missile, nerve gas production and every other weapons program he had requested. Earlier in the week, Senator John C. Danforth, a moderate Republican from Missouri, was pacing the Senate floor, declaring that he was deeply troubled by the apparent low priority the President has given nuclear arms control.

The two incidents are not necessarily inconsistent. President Reagan has argued that the nation requires a strong defense to secure meaningful arms control agreements. This view seems to be shared by many Americans, according to a recent New York Times/CBS New Poll. A vast majority of those surveyed — 72 percent — said that they favored a mutual and verifiable nuclear freeze, which President Reagan does not support. But 40 percent of freeze supporters said that they opposed cuts in military spending, and 60 percent of those surveyed said they opposed a freeze if it would give the Soviet Union a military edge over the United States.

The incidents last week, however, do reflect two political realities. First, because politicians are uncertain whether the electorate in November will care more about defense or arms control issues, they do not want to be perceived as "soft" on either.

"It's very volatile out there," observed Charles R. Bailey, a political consultant and former deputy chairman of the Republican National Committee, referring to what is believed to be the unstable mood of American voters.

Second, the unexpected outburst from Mr. Danforth, who has supported many of President Reagan's defense spending requests, reflects a nagging, but growing concern in Congress that the President is not placing a high enough priority on arms control policies.

Senator Danforth said in his floor speech, for example, that while Mr. Reagan had not been "completely inattentive or silent on the nuclear issue," half of the President's term had elapsed with "virtually no useful" negotiations on reducing long- and intermediate-range nuclear missiles. Mr. Danforth, who is seeking re-election this fall, was joined by 20 of his colleagues — one fifth of the Senate, including Republicans as well as Democrats — in calling for Mr. Reagan to "clarify" his policies in a report to the Senate by Dec. 1. The

Senators requested that the report include, among other things, a timetable for completing missile force reduction talks.

Some analysts say the White House has been slow to recognize the political implications should a view that Mr. Reagan is not committed to arms control gain broader credence. Only shortly before a vote in the House on a nuclear freeze earlier in the month did the President mount an intensive lobbying campaign against the initiative. After personal appeals from Mr. Reagan and members of his arms control team, the House rejected the call for a freeze in Soviet and American arsenals, but by only a single vote.

White House officials were pleased with the outcome. In public, some maintained that the victory in the Democratic House indicated that the national freeze movement had reached its zenith and was waning. Privately, however, they were not so sure.

On Thursday, officials met at the White House to discuss how the Administration could be made to appear less indifferent. They settled on an intensified public relations campaign, to be coordinated by the State Department, in which Administration officials would defend the White House's nuclear policies and attempt to heighten public appreciation of the Administration's arms control proposals now being negotiated in Geneva.

Reassurances and Concerns

Several officials have also urged that Secretary of State George P. Shultz, or perhaps the President, deliver an arms control speech soon to emphasize the priority Mr. Reagan has given to arms control initiatives. Such a drive, however, would have to redress several nagging concerns that, in the view of some experts, have been fueled by recent White House actions.

Last month, the Administration announced what was in effect an indefinite suspension of direct negotiations with Britain and the Soviet Union aimed at achieving a total ban on nuclear testing. At the same time, it announced that it would not seek ratification of two other testing treaties that Washington and Moscow agreed to in the mid-1970's until their verification provisions can be strengthened.

Mr. Reagan's decision to relax export restrictions affecting nuclear fuel reprocessing and enrichment technology may have also stirred suspicions, or so some of his aides fear, that the Administration wants to return to an era of nuclear laissez-faire.

Administration spokesmen maintain that the President's testing decisions and his nonproliferation policies will ultimately enhance arms control objectives, but few officials other than Eugene V. Rostow, director of the Arms Control and Disarmament Agency, have been willing to explain or defend publicly the decisions.

Meanwhile, two of Mr. Rostow's senior deputies still have not been confirmed by the Senate, the result of a campaign by conservative senators and their aides to block the nominees, whom they view as too liberal. In addition, one major office director, for strategic programs, is still unnamed. While Mr. Rostow has vigorously defended the Administration's arms policies, tension between him and former Secretary of State Alexander M. Haig Jr. hampered the agency's effectiveness. Mr. Rostow hopes to play a more prominent role now that Mr. Shultz is in charge in Foggy Bottom. Meanwhile, the Administration often appears to speak on arms control with disparate voices.

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The Economy

The long bear market seems to be entering its final phase. The end could be violent but also cathartic.

By WILLIAM G. SHEPHERD JR.

THE last leg of a bear market is often crushing — a swift plunge in stock prices on heavy volume that sends small investors and institutions alike, leaving them with big losses and shattered emotions. The effect can be cathartic. But in the vacuum that remains, investors can begin rebuilding their confidence.

That last leg is exactly where the stock market now seems to be heading. Indeed, it is hard to find anyone on Wall Street these days who does not believe, or at least suspect, that the bear market is moving into some sort of climactic phase that will purge the investment community of its pent-up fears of economic collapse.

In the past two weeks, all the market averages have plunged to new lows as Wall Street, beset by cruel economic news from all sides, has time after time been unable to mount a sustained rally. That is a discouraging omen, an indication that the bottom has not been reached, many securities analysts say, and a sign that even the most steel-willed optimists may be about to throw in their towels.

"The market's going to take the ultimate dive to culmination in the next few weeks," said James L. Freeman, director of research at the First Boston Corporation, echoing the comments of many other market strategists. "Batten down the hatches."

There is certainly good reason for pessimism. The Dow Jones industrial average, battered by the protracted recession, a deepening erosion of corporate profits and anxieties that brokerage firms as well as banks are becoming increasingly vulnerable, slid 45 points in eight straight days through Thursday, regaining 11.13 points Friday to close at 788.05. The average is down almost 25 percent from its peak in April 1981 of 1,030. Broader measures of stock market performance, such as the Standard & Poor's 500, began declining even earlier — in November 1980. So far, the bear market has cost shareholders \$450 billion in losses.

Though the consensus is that the market is in for a tailspin, there is no clear idea on how to play it and confusion seems to be the order of the day. "Nobody can tell if we're starting a depression or ending one," said a mutual fund manager who asked to remain anonymous. "The market is one giant gamble."

Many bulls — while they concede that a sharp decline is likely — are acting on the longer-term assumption that a boom is coming on the other side. They are determined "to tough it out," said Robert J. Farrell, chief market analyst at Merrill Lynch, Pierce, Fenner & Smith Inc.

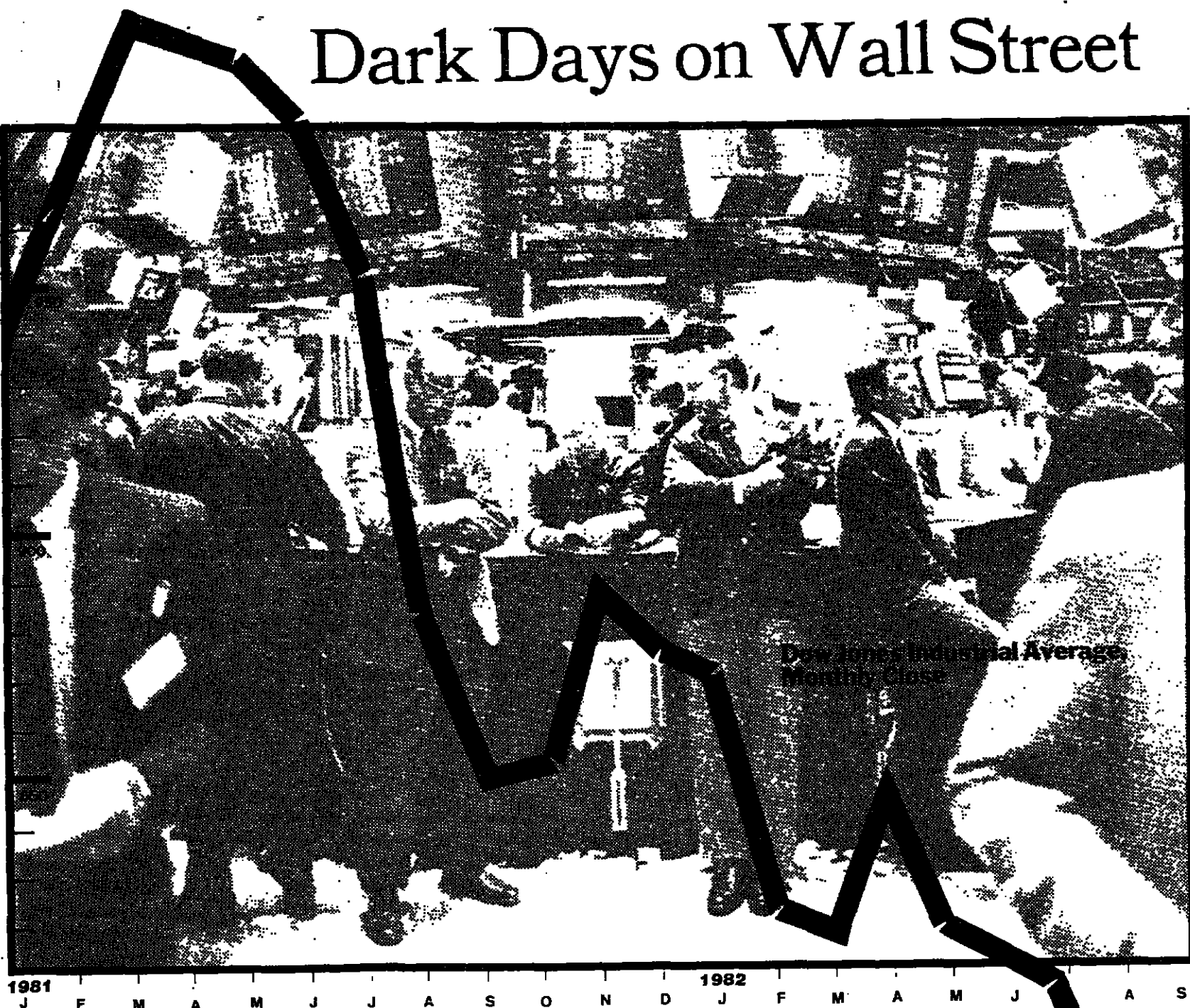
It is just the group of optimists, Mr. Farrell said, that must be driven to sell before the market hits bottom. Mr. Farrell calls it a "capitulation" phase — a time when everybody simply gives up. "It doesn't have to be a lot of screaming and 100-million-share days," he said. "It can be a disinterest in stocks and a preference for something else." As Mr. Farrell figures it, a final sell-off could come by November and maybe sooner.

A cardinal rule of the stock market, however, is that what most people expect usually does not happen. In 1974, when panic selling was widely anticipated, one of the longest and most severe bear markets ended in more of a whimper. The last leg of the bear market was spread in relatively orderly fashion over nearly three months. The worst market debacles — in 1929, 1962, and to a lesser extent in 1970 — have always been those that caught investors off guard.

The most recent example of expectations betrayed has been the market's failure to react to declining interest rates. Throughout the spring and the first part of the summer, the prevailing wisdom was that once rates began to come down stock prices would shoot up. Short-term rates did begin to come down in late July, and since then yields on three-month Treasury bills have dropped to 9.35 percent from 12.5 percent. But the market has continued its slide.

This has utterly confounded the theorists. The more agile among them quickly concocted two explanations. One is that they meant long-term rates, which have not declined yet. The other explanation is that credit is actually tighter now because the jittery banks do not want to make any more bad loans.

Barton M. Biggs, the portfolio strategist at Morgan William G. Shepherd Jr. writes about finance from New York.



Stanley & Company, is probably closer to the mark. "I don't know what's going on," Mr. Biggs said in an outburst of candor. "The market's reading tea leaves."

Even more disorienting is what investors perceive to be the disarray in economic policy and the abandonment of economic leadership in Washington: The inability of anyone to cut the Federal budget, the flight of economic advisers from the Reagan Administration, and most recently, President Reagan's sudden repudiation of his own tax cuts in favor of a \$90 billion tax increase.

The proposed tax increase is having an especially insidious effect. Bewitched by the implications of large budget deficits and high interest rates, Wall Street now has to worry about the proposed remedy, too.

As if this were not enough, the market has been buffeted in recent weeks by a sobering series of economic developments:

- The economic upturn is nowhere in sight. It did not appear in the second quarter of the year, as many people had hoped. It does not seem to be appearing in the third quarter, either. "My analysts come back from visiting companies," said John R. Grooms, senior vice president in charge of equity research at the U.S. Trust Company, "and everybody's despondent. No orders. No sign of an upturn."

- Corporate profits are continuing to slide, increasing the likelihood that companies will have to cut their dividends. A recent Standard & Poor's survey of 885 companies found that corporate earnings sank 10 percent in the second quarter following an 11 percent drop in the preceding three months.

- Gulf's withdrawal of its bid for Cities Service — and the subsequent collapse of Cities Service shares — did not just produce huge losses for the professional arbitrage community; it also bashed thousands of amateur speculators and a number of brokerage firms that had risked their own capital in Cities Service stock. Coming on top of the public's withdrawal from the market during the past year, which dried up commission income, that blow has produced considerable alarm in the brokerage community.

- Another government securities firm, Lombard-Wall Inc., went under in a smaller version of the collapse of Drysdale Government Securities Inc., which swung major banks last May. A small bank — Abilene National — closed its doors within weeks of the demise of Penn Square.

- The trouble is spreading abroad. Following the mystery-drenched collapse of Italy's Banco Ambrosiano, Germany's mighty AEG-Telefunken suddenly declared

bankruptcy. Meanwhile, the only rising stock markets left, in Japan and Britain, started falling — suggesting that the slump is becoming worldwide.

All this has led to confusion and fatalism that is perhaps best illustrated by an ancient tale of inevitability that John O'Hara made famous in a 1934 novel called "Appointment in Samarra." One version of the tale:

A man of Tabriz — call him Ahmed the Sandal-maker — sees Death staring at him strangely in the crowded marketplace. Terrified, Ahmed slips out of town unseen and flees to Samarra, a city far to the north.

Death, meanwhile, is puzzled. "Wasn't that Ahmed the Sandal-maker I saw in the market?" he asks another man.

"Yes," the man replies. "Odd that he should be here, in Tabriz," Death says, "when I have an appointment with him tomorrow, in Samarra."

What might be called "Samarra anxiety" is becoming a major undercurrent in the stock market as more and more people, with their imaginations running wild, are drawing parallels between current happenings and those just prior to the Great Depression.

Economic historians recall that when the economy turned down in the early 1930's, Herbert Hoover considered cutting taxes as a stimulant. But his economic advisers, on the grounds that a balanced budget was of paramount importance, persuaded him to raise taxes instead.

That decision is considered one of the classic mistakes — along with the Federal Reserve's drastic reduction in money supply — that led to the Depression.

U.S. Trust's Mr. Grooms spoke for a great many professional investors last week when he said: "To raise taxes during a recession is in my mind idiotic." The tax increase might just turn out to be President Reagan's flight to Samarra.

Considering all that has happened in the past months it is astonishing that the market has not fallen further. On average, bear markets since World War II have lasted 15 months, and stocks have lost roughly 25 percent of their market value. The current bear market is far longer in duration: now in its 21st month, it is only a few weeks from surpassing the 1973-74 debacle.

But so far the decline has been comparatively shallow. The familiar Dow Jones average of 30 industrial blue chips, which peaked at 1,030.58 in April 1981, is down only 24 percent. The broader-based indexes peaked late in November 1980, amid the euphoria following Ronald Reagan's election. They have fallen further, reflecting

greater demolition among small stocks. The Standard & Poor's 500 is down 27 percent, while the S. & P. 400 industrials is down 29 percent. By contrast — although the recession was not nearly so brutal — prices in 1973-74 fell 47 percent.

Some ways of looking at the market, however, suggest that it is on a par with the 1974 bottom. One yardstick is corporate earnings. When the Dow Jones industrials hit 577.60 in 1974, their price/earnings ratio was 5.8. Today, with the Dow 200 points higher, the P/E ratio is only 6.5. The S. & P. 400 industrials are lower than in 1974. Their P/E is currently 7, compared with 7.2 in 1974.

But virtually every professional investor believes that Wall Street's earnings estimates are too high. "The market didn't anticipate how lousy earnings would be," said Ronald A. Glantz, who heads investment strategy at Paine Webber Mitchell Hutchins Inc. and who has been slashing earnings estimates drastically. If earnings do, indeed, turn out to be much lower, the market would have to fall further to equal the 1974 bottom.

A better yardstick is book value, which shows that today's market is no higher than the darkest days of 1974. "The S. & P. 500 hasn't sold below book, and the Dow hasn't sold more than 20 percent below book since 1932," pointed out Morgan Stanley's Mr. Biggs. In 1974, the S. & P.'s price divided by the book value of its component companies was 1.0 while the Dow's was 0.8. Today the S. & P.'s is again 1.0 and the Dow's is a shade lower, 0.78.

Because the public has largely withdrawn from the market, trading this year has increasingly been dominated by institutions. Thus, if high-volume selling materializes, it may be the portfolio managers at bank trust departments, insurance companies, mutual fund and pension fund management firms that will do the dumping.

That could set the stage for a repeat of the 1970 plunge. In that bear market, it was the professional who panicked and the much-maligned "small investors" who, to everyone's astonishment, moved in to buy at the bottom and to stem the decline.

Wall Street likes to look on the public as naive and likely to be wrong most of the time. But the fact is that when it comes to the mysteries of the marketplace, the professionals can be as wrong as anybody.

WEEK IN BUSINESS

Occidental Bids for Cities Service

Occidental Petroleum offered to pay about \$4 billion for Cities Service, which had been spurned earlier by Gulf Oil, which decided to abandon its nearly \$5 billion offer for Cities Service. Dr. Armand Hammer, Occidental's chairman, said in a letter that he would pay \$50 a share for a 50 percent stake in Cities Service.

A Federal Appeals Court ordered an end to the Government's 13-year-long antitrust case against I.B.M., ruling that an agreement to dismiss the case was not subject to proceedings under the Taft-Hartley Act.

The Federal Reserve Board cut the discount rate — the rate it charges on loans to banks and other financial institutions — to 10½ percent from 11 percent, bringing the lending rate to its lowest level in nearly two years. In another sign of declining interest rates, four major banks said that they would lower their prime lending rates on Monday to 14½ percent from 15 percent.

Business inventories grew 0.3 percent in June, reversing an improvement in May, the Commerce Department reported. Industrial production

Changes in the A.T.&T. Settlement



Federal District Court Judge Harold H. Greene (left) approved the basic antitrust settlement reached in January between the Justice Department and the American Telephone and Telegraph Company, but insisted on major modifications before he would give final approval to the spinoff of A.T. & T.'s 22 local units. Judge Greene, who presided over the year-long trial prior to the proposed settlement, said he wanted to be allowed to review and approve each step in the divestiture. He also urged that A.T. & T. delay entry into the electronic-information services field and that the phone companies be allowed to sell equipment and publish the Yellow Pages directory.

fell 0.1 percent in July, the 11th drop in 12 months, the Fed said.

Wholesale prices rose 7.1 percent in July, the Government said. Gasoline costs rose 7.9 percent while food prices fell 1.5 percent, the biggest drop since February 1976.

The nation's money supply rose \$2 billion, the Federal Reserve reported, after rising by \$300 million for the ended July 28.

Auto sales fell 26.5 percent in the first 10 days of August from the same

period a year ago, Big Three auto makers reported.

Steel dumping charges were leveled against five Common Market nations and Rumania by the Commerce Department.

Another government securities firm failed, shaking Wall Street and the banking industry. Lombard-Wall and its Lombard-Wall Money Markets said it owed \$55 million to the New York State Dormitory Authority, and \$45 million to Chase Manhattan.

Mexico temporarily closed its foreign exchange markets, declaring that all foreign currency bank accounts will be convertible only to pesos.

A senior partner in Collin, Hochstin Company, Justin Collin, filed for voluntary reorganization in the United States Bankruptcy Court, and resigned from the firm. The New York Stock Exchange said it was examining the condition of the brokerage firm and had temporarily reassigned 27 stocks in which Collin, Hochstin makes a market.

Kirk Johnson

The New York Stock Exchange				
MOST ACTIVE STOCKS				
WEEK ENDED AUGUST 13, 1982				
Company	Sales	Last	Net Chng	
CHSVC	8,541,000	33½	- 4	
Exxon	3,779,400	25½	- ½	
IBM	3,638,300	62½	- ½	
Mobil	2,268,400	20	+ ½	
K mart	2,239,200	16½	-	
GMot	2,236,700	41	+ ½	
Ginet	2,223,700	28½	- 5½	
WmCn	2,068,700	39½	+ 1½	
Tandy	2,019,900	23½	- 1½	
ATT	1,930,300	52½	+ 2½	
NLT	1,923,600	40½	+ 4½	
Schlmb	1,775,000	34½	- 1	
Contll	1,721,500	16½	+ ½	
GenEl	1,714,600	64	- ¾	
RalsPur	1,662,700	13½	- ½	
MARKET DIARY				
	Last Week	Prev. Week		
Advances	816	736		
Declines	1,042	1,082		
Total Issues	2,090	2,105		
New Highs	23	39		
New Lows	405	260		
VOLUME				
(A.M. New York Close)	Last Week	Year To Date		
Total Sales	251,027,670	8,151,335,016		
Same Per. 1981	229,646,849	7,484,059,383		
WEEK'S MARKET AVERAGES				
	High	Low	Last	Change
New York Stock Exchange				
Indust	87.14	66.09	66.32	-0.52
Transp	50.28	49.32	50.28	+0.08
Util	37.14	35.91	37.14	+0.67
Finance	59.62	58.77	58.82	-0.25
Composite	58.62	58.80	58.54	-0.15
Standard & Poor's				
400 Indust	116.4	113.0	115.6	-0.07
20 Transp	16.3	15.9	16.2	-0.02
40 Util	51.8	49.8	51.7	+1.11
40 Financial	11.9	11.4	11.7	+0.04
500 Stocks	104.3	101.4	103.8	+0.14
Dow Jones				
30 Indust	790.6	789.9	788.0	+3.71
20 Transp	291.7	288.9	286.4	-1.57
15 Util	107.7	102.6	106.3	+1.80
65 Comb	304.8	296.5	303.7	+1.19
The American Stock Exchange				
MOST ACTIVE STOCKS				
(Consolidated)				
Company	Sales	Last	Net Chng	
DomeP	6,446,200	13-16	-15/16	
WangB	587,000	25	- 1½	
RangrO	456,100	4 15-16	+ 1-16	
GHCD	420,400	10½	- ½	
TubMx	358,900	1½	- ½	
Sundnc	326,500	4¼	- ½	
AngloE	293,300	4	- ½	
ChmpH	286,100	2½	-	
UnivRa	277,800	5¼	- 1½	
RsrtaA	247,800	15½	- 2	
MARKET DIARY				
	Last Week	Prev. Week		
Advances	195	240		
Declines	581	504		
Total Issues	913	907		
New Highs	7	24		
New Lows	203	126		
VOLUME				
(A.M. New York Close)	Last Week	Year To Date		
Total Sales	23,136,965	840,367,370		
Same Per. 1981	29,406,260	870,419,560		

BROADWAY 80

I'm glad I changed...

The New York Times

ADOLPH S. OCHS, Publisher 1896-1925
ARTHUR HAYS SULZBERGER, Publisher 1925-1961
ORVILLE DRYFOOS, Publisher 1961-1963

ARTHUR OCHS SULZBERGER, Publisher
A.M. ROSENTHAL, Executive Editor
SEYMOUR TSPINO, Managing Editor
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A Brave \$99 Billion

Conventional wisdom holds that it is politically insane to raise taxes in an election year, but the tax bill that the Senate and House conferees have brought to the final stage is a lesson in political sanity. If it is approved by both houses, as it should be, it will stand as a landmark in political courage.

Some of the drum-beating for the bill implies it will cure a number of ills that it won't. It won't balance the budget. It won't curb inflation. Interest rates won't tumble on word of its enactment. It won't provide jobs for anyone except lawyers and accountants.

But the bill nonetheless has resounding importance, symbolic and real, and if President Reagan goes ahead with his television address Monday night, he would do well to stress the true values. The symbolic importance is as a sign of fiscal responsibility in Washington. The literal importance is as significant and desirable tax reform.

The idea of increasing taxes at all this year arises wholly from soaring budget deficits. Congressional leaders and many in the Administration felt that it would be impossible to reverse the deficit path without new revenues. The revenues generated by this bill will not help much. The yield is estimated at \$21 billion in the coming fiscal year, and \$99 billion all told. But next year's deficit will still be staggering. The best that can be said is that it would otherwise be \$21 billion larger.

The economic impact of the bill is largely passive. The President said in Montana last week that the higher taxes will mean lower interest rates and

thus less unemployment. With adjustment for Presidential hyperbole, what this really means is that if the bill is not enacted, the present downtrend in interest rates could easily swing back up.

If the bill has any direct economic impact, it is probably negative. Tax increases slow down economic activity. In particular, this bill rescinds portions of the supply-side incentives for business expansion that were written into the tax code only a year ago. The justification for this reversal is that the incentives were excessive. Their removal will not make a major difference.

While the economic impact may be small, this bill's effect on how Americans are taxed will be profound. Under the masterful direction of Robert Dole, the Kansas Republican who chairs the Senate Finance Committee, there is emerging a tax reform package of rare scope.

The slopes of Capitol Hill are littered with exhortations from past Presidents, mostly Democrats, who have tried to get Congress to approve even a fraction of what Senator Dole and the Reagan Administration are achieving. If fairness in taxation is a national concern, this bill is eminently successful.

As the President correctly points out, most of the increased revenues would come from closing loopholes and bagging tax evaders. It is easy to disagree over whether all the right loopholes are being closed, and it is certain that some new ones are being opened, but on balance this will be an equitable package.

In its symbolism and in its actual content, this bill serves the public interest. Members of Congress should vote for it with confidence, not fear.

'Calm, Pleasant Death'

The idea, once, was to make death horrible. That tested the imagination. The condemned were burned at the stake, or torn apart by teams of horses, or smeared with honey so that they might be slowly eaten up by insects. The ancient Romans would sew a man into a cloth sack with a monkey, a poisonous snake, a lightning rock and a wild dog and toss the sack into the sea.

Now the idea is to make death easy. That tests technology. The guillotine, the electric chair and the gas chamber were attempts to improve upon the unreliable, inelegant hangman's noose. The latest technical advance, recently endorsed by New Jersey's Governor Kean as he signed the death penalty back into law, is the lethal injection.

The condemned person is strapped to a hospital bed, according to an interview with a developer of the method in Stephen Gettinger's "Sentenced to Die." An intravenous tube is inserted deep into an arm or leg. Once a neutral fluid is flowing well, the executioners administer a huge dose of anesthetic, a muscle relaxant, and then a drug to stop the heart. "That's it — the man's dead," exclaims a doctor who has promoted lethal injection, now authorized for use in four states. "If ever I've seen a calm, pleasant death it's an anesthetic death." Mr. Kean, for his part, calls it "the most humane form" of administering the death penalty.

Over the centuries, as societies became more

rational, they rejected as barbarous the tortures and executions conducted as spectacles to express the outrage of the king. Incarceration became the main practice. Only execution remained, used less and less frequently and then abandoned for all practical purposes in America in the late 1960's.

In recent years, though, states like New Jersey have restored death penalty laws, and five executions have occurred in the past few years. Yet the penalty remains for the most part abandoned — four of those executions, including this week's in Virginia, were more like suicide; the victims had called a halt to legal appeals and requested death.

However bloodthirsty popular demands may become, public officials charged with carrying out capital punishment continue to feel squeamish about restoring it to modern society. That is why so civilized a man as Governor Kean reaches to lethal injection; it seems to civilize execution.

He is kidding himself. Making death less dramatic and less painful does not make it more rational. The death penalty still offers no demonstrable deterrent effect, nor does it protect the public any more than life imprisonment without parole. It is not even economical, given the expensive legal procedures required before an execution may take place. Call the new technique "humane" if you like. The sentence of death is still an expression of vengeance, and it is still barbaric.

Return to Sender

Until last week the world knew only two certainties: death and taxes. Now it knows a third: the United States Postal Service. If the hand of God in the form of rain, sleet, snow and whatever can't stay its couriers, can the hand of man in the form of nuclear war? No way. Once the cloud is clear, spokesmen for the service told a House subcommittee last week, those who can will see that familiar blue uniform looming on the horizon.

Roads, rails and runways being something of a mess, there's some question about how those couriers will get there — assuming there is a "there." Helicopter, maybe, or how about that old standby the horse?

In any case they'll have traveled a long way: the

Postal Service plans to move its operations to remote areas. But though many P.O.'s now stock emergency change-of-address forms, one assumes that most of the mail will be returned to sender. "There won't be a lot of people left to read and write those letters," a Congressman said. "But," replied the man from the Postal Service, "those that are will get their mail."

One can, of course, laugh. Some Congressmen did, when they weren't characterizing the Postal Service's 300-page plan as "idiotic," "deceitful," and "futile." But we can only marvel at mankind's infinite optimism. The waters will recede... the fire will burn itself out... the mail will go through... and besides, it can't happen here.

Topics

Just the Ticket

Beginner's Luck

Some people are so wholly devoid of the gambling instinct they wouldn't lay odds on whether the sun will rise tomorrow. But 65 percent of all Americans gamble occasionally, and more than a few would be as willing to wager their salaries on their eyelash count as they would on a horse.

Andrew Tegerides has beginner's luck: this week the first Lotto ticket he ever bought brought him \$5 million. And how much do you want to bet his win brought the New York State Lottery a rush of new ticket buyers?

Sure, they've got a chance of winning — about as much chance as they have of ascending the English throne or duplicating Miguel Vasquez's quadruple somersault. Of course, most will be putting far more money into the effort than Mr. Tegerides did, reducing their odds from an astronomical two million-to-one to, say, a merely strato-

spheric 400,000-to-one. The money might be badly needed elsewhere, but who's going to brood about things like food and clothes when the right run of numbers will bring a fortune?

So the rich get rich and the poor get Lotto — and a cruel hope. We're glad Mr. Tegerides bagged his \$5 million, sorry so many people believe in Lady Luck and even sorer that New York State encourages that belief.

Soccer Crazy

Last year's American tour by the Springboks, an interracial South African soccer team, generated protests and ugly publicity and thus failed miserably in its intended purpose of improving South Africa's image. A recent soccer tour within South Africa may have been even more damaging to Pretoria's efforts to put a better face on apartheid.

South African Breweries, one of the country's largest conglomerates, spent more than \$2 million to lure a team of international soccer stars for the tour. The idea was to undermine the sports boycott of South Africa by demonstrating that such a tour would draw huge black crowds. But African nationalist groups persuaded blacks to stay away in droves, and three black South African soccer clubs refused to participate. Only 3,000 appeared for a game in Soweto, where games usually draw crowds of 45,000.

The Economist concludes that the tour achieved the opposite of its purpose, by giving the nationalist groups a chance to demonstrate unity. Organizers of the tour had counted on the fact that black Africans are "soccer crazy." They did not consider that blacks, aware that soccer remains segregated below the professional level, might see through the tour. Or think it is apartheid that's crazy.

Letters

Toward a National Tuition-Loan Endowment

To the Editor:

August is a cruel month for college students and their parents, who face ever-increasing tuition bills.

Former Mayor John V. Lindsay [Op-Ed July 27] and others have recently made some valuable points in The Times on the developing crisis in paying for college education, a crisis deepened by rising costs and the prospect of cuts in state and Federal student loans.

To ensure the fullest possible development of our human resources, I believe we must begin immediately a national discussion that will lead to a new system of paying for college. When education is financed through conventional borrowing, a young couple can be saddled with the equivalent of two home mortgages.

The so-called Dartmouth Plan is one of the recent alternatives relying on tax-exempt bonds to reduce somewhat the effective interest rate of student loans. Such plans do not go far enough.

We must create a comprehensive financing system that will insulate students from fluctuating and usurious interest rates while providing for mandatory repayment after graduation at rates compatible with productive living.

For several years, I have advocated establishing a Tuition Advance Fund (T.A.F.), financed initially through Federal taxes. After a 12- to 20-year period, the fund would become self-sustaining. The converging forces of inflation and budgetary austerity make T.A.F. increasingly imperative.

Under the plan, any undergraduate degree candidate at an accredited college could draw a yearly amount not to exceed \$7,500 (in 1982 dollars), with no more than \$1,000 for non-tuition expenses. The students would repay this advance after graduation through a payroll tax administered by the L.R.S., which would vary from 1 to 6 percent, depending on income. The "tax" would be deducted from earnings until the graduate had paid back one-and-one-half times the amount of his or her advance, the excess insuring the fund against inflation.

Typically, borrowers with large advances and, after graduation, modest incomes would pay off their obligations before retirement at the equivalent of a 2 to 5 percent interest rate. Those earning more, and therefore able to pay back more quickly, would do so at the equivalent of a 5 to 10 percent interest rate.

Once the fund becomes self-sustaining, a great national endowment will exist, providing an adequate cash flow to finance the higher education of all qualified students without any further subsidy from taxpayers. The Federal Government could then get out of financing higher education altogether while at the same time guaranteeing equal access for all qualified students.

T.A.F. has been attracting wide interest and support since being proposed in 1977. The Times, in a 1978 editorial, wrote favorably of the principle. And just recently, the American Students Association called for the plan's implementation, establishing an information center at Boston University to work toward that end.

At a time of unstable and exorbitant interest rates, we must keep college doors open for all qualified students through a stable financing mechanism that ensures repayment without inflicting unbearable hardship either on parents or students. Our future as a productive nation depends upon the development of our most valuable natural resources — our young people.

JOHN R. SILBER
President, Boston University
Boston, Aug. 3, 1982

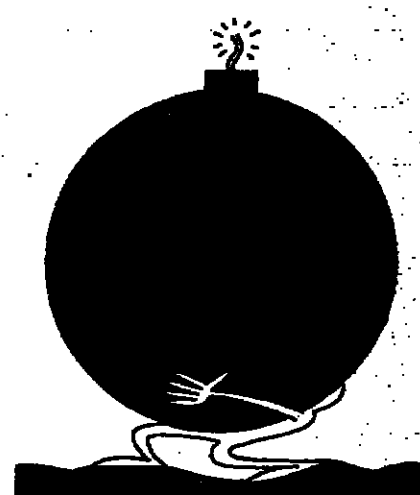
Training for Peace Is a Public Obligation

To the Editor:

Your Aug. 9 Topics item opposing Congressional support for a United States Academy for Peace and Conflict resolution mistakenly equated peace research with pacifism. Peace research is the analysis of war and peace — pacifism is a moral judgment upon them. Nor is your case against the proposed academy bolstered by your citing "Gulliver's Travels."

Maybe professors promoting peace in Jonathan Swift's day appeared muddle-headed, but in the two-and-a-half centuries since not only has the science and technology of weaponry made trial-by-war unrealistic but human skills in fair and peaceful conflict resolution have matured. To assert that training for peace be left to private initiative — even though training for war has long been a public one — ignores present reality.

Our elected officials know that preserving peace is a prime responsibility of government. It is to aid in fulfilling that obligation that Congress is considering establishment of a peace academy.



If Jonathan Swift were writing today, he might well turn his satire upon those claiming to preserve peace by preparing for war.

CAROLINE KREBS
Communications Director
Institute for World Order
New York, Aug. 10, 1982

What Male Reporters Think Is Funny

To the Editor:

I would appreciate hearing from the White House press corps as to the source of their laughter at Sarah McLendon's questions during the most recent Presidential news conference.

Are questions about sexual harassment humorous? Is the lady an object of ridicule by the men because that's how they view older women? What was the point of Mr. Reagan's tasteless remark about "X-rated" that elicited such hilarious reaction from the men? Does the mere reference to sex send them off into guffaws?

Is it possible that the male journalists (who barred females from their group for many years) were uncomfortable at the sight of a woman pinning a President in a falsehood and following through in her questioning?

If harassment of women is humorous, does this apply also to harassment of Jews, blacks, the mentally ill and other living things?

In no way do I intend this as a diatribe against all male reporters. I am sure that there are some who pursue Presidents with direct questions, who follow up on evasions, who challenge misstatements, who treat the harassment of anybody seriously and who do not join the others in trying to ingratiate themselves with the President.

Unfortunately, I saw none of these men on TV at this particular news conference.
PAT HARRIS
Nashville, Aug. 3, 1982

'Overkill' in an Immigration Reform Bill

To the Editor:

Senator Alan Simpson's Aug. 10 Op-Ed article, "Illegal Aliens," mischaracterizes the position of the Chamber of Commerce of the United States.

We understand the need for reform of our immigration laws and for a solution to the illegal alien problem. We do not condone the hiring of illegal aliens, nor do we in any way associate ourselves with those who do; we encourage employers to continue their own efforts to avoid hiring illegal aliens.

However, we are strongly opposed to legislation that would be an undue burden on citizens seeking jobs or on employers seeking to hire them. Section 101 of the Simpson-Mazzoli immigration bill does just that — and the burden would fall most heavily on smaller businesses.

Section 101 would regulate the hiring practices of virtually all employers and require them to insist that every job applicant show proof of U.S. citizenship or legal residency. Otherwise, the employer would face a \$500 fine — even if the person hired turned out to be a U.S. citizen.

One of our chief objections to Section 101 is that it does not specify what type of "secure system" the President is to develop within three years: the business community is asked to comply with, the American public is asked to accept and the Congress is asked to approve an unknown universal identification system that will have to be used every time there is a new hire.

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Moscow's Big Ears in Glen Cove

To the Editor:

Karen Polk's reminiscences of childhood fantasies of espionage going on behind the walls of the Soviet estate in Glen Cove ("What Lurked Behind the Glen Cove Fence," Op-Ed Aug. 7) ends with some adult questions about what is going on there.

Unless I am hugely mistaken, spying is going on. More precisely, eavesdropping through the interception of telephone conversations transmitted by microwave.

We have this from Arkady Shevchenko, formerly Under Secretary General of the United Nations and the most senior Soviet representative to that organization. Last spring on Canadian television (as reported by the A.P.) he stated: "All the top floors of the [Glen Cove] building are full of sophisticated equipment... to intercept all conversations of anything which is going on... At least 15 or 17 technicians were working... to do this job."

In 1977, I raised this general subject — Soviet eavesdropping — within the councils of the Carter Administration. The response ought to be better known. Convinced there was a threat, the Federal Government decided to bury its own telephone lines and those of its defense contractors, leaving the rest of us relatively defenseless.

I therefore introduced legislation requiring the President, upon learning of such illegal activity by a foreign mission, to demand that it be discontinued and, failing that, declare the

diplomats involved *persona non grata* and expel them.

The Times, on July 25, 1977, supported the principles reflected in the bill, stating: "If a member of the Soviet Embassy were caught stealing and shipping economic data back home, our authorities would, we hope, see to it that he was shipped back home. The blunt fact is that a foreign government on American shores is spying on American citizens. And notwithstanding the niceties of diplomatic immunity and extraterritoriality and rigamarole, the response should be equally blunt."

Still there was no response from the executive branch. At a hearing on April 21, 1977, by the Senate's Select Committee on Intelligence, I asked the then general counsel to the Central Intelligence Agency whether he did not consider the Soviet intrusion into our telephone system a violation of citizens' Fourth Amendment rights. The counsel replied that the Fourth Amendment only protects citizens against violations of rights by their own government!

I have reintroduced the bill (now S.1860). If the current Administration would but nod, it would pass. In the meantime, it might let off lecturing the people of Glen Cove about their duties to respect the civil rights of Soviet diplomats.

DANIEL PATRICK MOYNIHAN
U.S. Senator from New York
Washington, Aug. 10, 1982

To Rid Us of Marijuana

To the Editor:

The lawsuit filed by Norml to stop the killing of marijuana plants in Florida with the herbicide paraquat (news story July 20) is based on specious reasoning. The pro-marijuana lobby says it is concerned about adverse health effects of smoking an illegal harvest that has been sprayed with the herbicide.

There is uncontested scientific proof of a host of marijuana health hazards. Its smoke is more carcinogenic than tobacco, and its chemicals can impact negatively on the brain, heart and reproductive organs, to name just a few. Norml's concern for health would be more credible if the facts were straight — there is plenty of evidence that marijuana untreated with herbicide is dangerous; there is no evidence that it is more hazardous if sprayed.

Marijuana must be destroyed at its most vulnerable point in the distribution system — in the ground. The most efficient way to accomplish that goal is with herbicides.

ROBERT L. DUPONT, M.D.
New York, Aug. 11, 1982

The writer is president of the American Council on Marijuana and Other Psychoactive Drugs.

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No End to the Process Of Creating Victims'

By Robert Nisbet

There is very different and wholly political meaning today to the words *victim* and *victimology*.

This meaning is inseparable from the welfare Leviathans that have been built up in the West during the last century or two. The source of this meaning is the do-gooder and uplifter that became widespread in the 19th century. Those who were poor, unemployed, chronically drunk, and even criminal in tendency were, by some sociological tendency, decreed to be victims — of society.

This form of thinking allows two victims for any given crime and no victimizer or criminal. The individual robbed, raped, or slain is certainly a victim, but so is the robber, rapist, and murderer a victim — of circumstances, of poverty, of broken family, in sum, of society. Few things please the liberal heart more than a victim, especially that of society, and when a choice has to be made between the rights of the victim who was robbed and the victim of society who did the robbing, the right-thinking humanitarian almost tropically sides with the latter.

In this special, very modern social sense of victimhood, there can be no end to the process of creating victims. At this moment, at least 75 percent of the American people are victims. From the point of view of the ardent women's liberationist, all women, or some 51 percent of the population, are victims. Add the blacks, Hispanics, Indians, farmers exposed to drought, unemployed, mentally disturbed, pupils in the public schools, and many other groups in the population, and even an estimate of 85 percent might seem absurdly low. Wealth and high status are no protectors. A new species of victimhood has just been publicized with excellent market results: children of celebrities. They too must be seen as victims. In wife beating there is manifestly a female victim, but the subtlety of the victimological mind should never be underestimated. The husband administering the beating is also a victim — of childhood, say, in a wife-beating home atmosphere — and cannot properly be held accountable.

Accountable! Human society is ultimately possible only when people are accountable for their actions, that is, responsible. The moron who murders, the poverty-stricken who steals, the clinical sadist who tortures and mutilates, the psychologically disturbed who rapes, the insane who slaughters boys by the dozen after sodomizing them, assassins

and would-be assassins of Presidents and other high officials of state — all of these are manifestly the causal agents of their various crimes and are recognized as such. Once they would also have been declared responsible and accountable for their crimes. They would have been duly punished by execution, sometimes in a manner as painful or nearly as painful as that inflicted upon their victims. Punishment would have been swift and public, for punishment can exert its cathartic effect upon a community that has been grievously violated only if the punishment is observable by all.

Correctly did de Maistre maintain after the Revolution in France that the executioner is the necessary symbol of the social order. If everyone is a victim of some sort, even a Stacy in Chicago who sodomized, strangled, and buried under his house some three dozen boys and men, then there are no criminals. If there are no criminals, there cannot logically be any punishment. Nor can rehabilitation be the goal, since most students of the rehabilitation process, even at its most expert and humane, pronounce it a failure.

There is no substitute for punishment in a social order, and that means holding human beings accountable, treating them as human and therefore responsible. Concern for human rights is rampant these days, but a right is possible in the strict sense only for beings who can be rationally regarded as responsible. The celebrated dignity of man oozes away in an atmosphere where man is so little prized for his unique mental and moral qualities as to be classified from the start a victim. Rights, duties, responsibilities, restraints, consciences, moral codes, all of these are visibly softening and decaying under the influence of victimology — no longer a specialty of criminology but a gigantic malaise of Western society.

By the year 2000, the whole of American society will be composed of victims, or so perceived by the prophets of liberal cant, and perceived no doubt the same way by those aggressive enemies abroad who in their own Soviet-Communist garrison states do not recognize victims.

Robert Nisbet is adjunct scholar at the American Enterprise Institute, in Washington, D.C. This article was adapted from the forthcoming book, "Prejudices: A Philosophical Dictionary."

WASHINGTON — I share President Reagan's discomfort with the notion of raising taxes during a recession. It's a little bit like trying to revive a half-drowned swimmer by throwing a bucket of water on him.

But if politics is the art of the possible, economics is the art of perception — these days, at least. The public perception now is that the economy will never get moving again unless we act to bring down Federal deficits, interest rates and unemployment.

Lack of confidence in the Federal Government's ability to solve these problems, especially among those with money to invest, tends in turn to perpetuate the very conditions that are causing so much anguish for so many people.

The Senate's three-year, \$98.9 billion tax bill deals with this situation in a way that does no violence to supply-side economic theory.

I don't fault my good friend Representative Jack Kemp, Republican of New York, and other supply-siders for their misgivings about the tax bill. Jack and I are still on the same team; we're just calling different plays. But I reject the suggestion that this bill is in any way a repudiation of the basic thrust of the Roth-Kemp tax-cut plan enacted last year.

The central purpose of Roth-Kemp was to reduce the tax burden on working Americans. The Senate bill does not conflict with that goal. Very few of its provisions impose new taxes on individuals; and even in those cases, the impact is minimal.

For instance, the much-ballyhooed telephone excise tax will mean an increase of only \$2.40 a year for the average family. The cigarette tax will cost a one-pack-a-day smoker only \$29 a year. These tax hikes are a small price to pay to help reduce the deficit and bring down interest rates and unemployment.

Furthermore, some of the business tax breaks that were written into last year's tax bill during the "bidding

In Defense Of the Tax Bill

By William V. Roth Jr.

war" between the House and Senate, such as the reduction in the windfall profits tax on oil, were unnecessary if not downright harmful to our cause.

The beauty of this year's tax bill is that it corrects many of the excesses of last year's bill while preserving the individual income tax cuts that are the key to economic recovery. Beyond that, it lays the groundwork for still further cuts in individual taxes by closing loopholes, improving compliance with existing tax laws and helping ensure that all segments of society bear their fair share of the tax burden.

For years, tax reform has been like the weather: Everybody talked about it, but nobody did anything about it. As a result, the tax code has grown from a simple, straightforward personal income tax into a confusing morass of loopholes, shelters and special-interest breaks that only highly trained specialists can interpret.

And while the loopholes and special benefits comfort the comfortable, the average taxpayer must hire expert assistance to determine how much he owes the Federal Government. No wonder the public is fed up, not only with the tax system but with government in general.

Congress must prove to the Ameri-

can people that government can act, and act responsibly.

The Senate, by passing the 1982 tax bill, has taken steps to inject a healthy dose of balance and equity into the tax code. Fully three-fourths of the new revenue generated by this bill will come from measures to close loopholes, broaden the tax base and collect money from the tax-avoiders of the underground economy. For the most part, the bill will hold down the deficit by making those who are unfairly or illegally avoiding taxes pay their fair share.

Contrary to a widespread public impression, the bill does not raise taxes on dividends and interest; it simply requires financial institutions to withhold taxes already owed. Small savers are exempt, as are low-income individuals and the elderly. This provision will produce some \$4 billion a year in taxes that are now lost because of under-reporting of this type of income.

The Senate tax bill is the most constructive and progressive reform of the Federal tax code in many years. It both improves the fairness of the tax system and simplifies it while at the same time preserving the savings and investment incentives that are necessary for economic growth. As a result, it should go a long way toward restoring public confidence in government.

Far from being a repudiation of supply-side economics, the bill is the next step in a comprehensive tax program aimed at setting the nation on the path to sustained economic growth.

I am confident that once my colleagues understand what this tax bill does, and does not do, they will embrace it with enthusiasm and vote for it with pride — not out of loyalty to the President but because this bill is best for the country.

William V. Roth Jr., Senator from Delaware, is second-ranking Republican on the Finance Committee.

IN THE NATION

The Budget Mess (2)

By Tom Wicker

WASHINGTON — So you've bought President Reagan's argument that the only way to balance the budget is to cut spending? And that if Congress won't do it, the public will have to, through Mr. Reagan's proposed constitutional amendment requiring a balanced budget?

So what spending do you want to cut?

Mr. Reagan himself says you can't touch military spending; in fact, he's reserved the right to request more military money than Congress thought he had agreed to for 1984-85. But military spending by the second of those two years is already projected at \$279 billion — about 32 percent of the total budget, up from 24 percent in 1980.

You can't cut interest on the national debt, which will rise to \$81 billion, or 10 percent of total spending by 1985. That's 42 percent of the budget that's untouchable, if you accept Mr. Reagan's views on military spending.

There'll be terrific political resistance — you may even participate in some of it — to cutting "payments to individuals," another huge budget category that will total \$437.1 billion by 1985. That includes Social Security, Medicare, unemployment compensation, veterans' compensation, Federal retirement benefits — all hard to cut and one or more of which will almost certainly benefit you or your family someday.

But wait a minute, you might well say. Doesn't that \$437.1 billion also include such juicy targets as student loans, food stamps and welfare? Right — up to a total of \$34.2 billion in 1985. Eliminate all of them and "payments to individuals" will still amount to \$402.9 billion.

Even so, won't cuts of \$34.2 billion in such soft-headed liberal spending programs balance the budget of a hard-headed conservative President like Ronald Reagan? Ho-ho. The deficit now projected for 1985, depending on whose estimates you accept, will be somewhere between \$140 billion and \$200 billion, even after passage of the tax increase Mr. Reagan is now somewhat paradoxically advocating.

That means you've got to find somewhere else to cut, particularly since Congress is unlikely to eliminate all student loans, food stamps and welfare spending. So what's left?

What's left is a category called "other non-defense spending." That includes all spending for education, NASA, housing, highways, mass transit, flood control, the weather bureau, disaster loans, small business aid, farm programs, research and development, aid to the handicapped, job training, environmental protection, child nutrition — and on and on.

This category totals \$74.3 billion as projected for 1985. Owing to budget cuts already made or planned for 1983-84-85, that's a decline from 17.1 percent of total budget outlays in 1981 to only 8.4 percent in 1985. Thus, "other non-defense spending" will have been cut just about in half in four years, and if in 1985 you cut all of the other half — no weather bureau, no agricultural programs — you'll still save only about \$74 billion.

So if you cut all food stamps, student loans and welfare, for a savings of \$34.2 billion, plus everything that's left in 1985 of "other non-defense spending," you'd still have cut only about \$108.5 billion. But you have to cut a minimum of \$140 billion, and perhaps as much as \$200 billion to balance the 1985 budget. At best, you're going to be \$31 billion short — after eliminating virtually every function of the Federal Government save military spending, payments to individuals and debt service.

But won't all these problems be solved by passage of President Reagan's balanced budget amendment? Let's see:

Chairman James R. Jones of the House Budget Committee — admittedly a Democrat — told the recent National Governors' Conference that if the amendment sailed through Congress this year, and through 36 state legislatures next year (unlikely but possible), it would prevent any new taxes to help balance the budget in 1985.

So the amendment, he said, would force something like \$215 billion in spending cuts in 1985. If Mr. Reagan's military buildup, a minimum central government and the major "payments to individuals" programs were protected — including Social Security and Medicare — every other function of government would have to be cut by about 82 percent.

Alternatively, Mr. Jones said, if the amendment were in effect in 1985, Congress could cut all programs across the board by 23 percent, and balance that year's budget. This would require cuts of \$70 billion in military spending and \$60 billion in Social Security and Medicare, not to mention \$6 billion in veterans' benefits.

That brings us back to the original question: What spending do you want to cut?

Welfare and food stamps aren't enough to do the job, no matter what the right wing would have you believe. Neither are Mr. Reagan's slogans about "back-to-back decades of red ink spending." The fact is that the Reagan deficits of 1981-85 will exceed the total deficits of the 1960's and 1970's; and the best thing about his proposed constitutional amendment is that it would ban in the future the kind of economic program he saddled us with last year.

For Beer Drinkers, The 1 Bill to Study... If You're Only Studying 1

By Jay Angoff

WASHINGTON — Beer drinkers of America, drink all the beer you can in the next six weeks. Because Congress is now working quietly but efficiently to pass a bill, before adjourning in early October, that could substantially raise the price of beer.

Supported by brewing companies and beer distributors, the bill would legalize territorial monopolies in the beer industry. Brewing companies could prohibit all beer distributors from selling in a specific territory except the single distributor the company designates. Thus, if the owner of a bar, grocery or liquor store wants to buy, say, Budweiser, he would have to pay the price the lone Budweiser distributor in his territory asked; otherwise, he couldn't buy Bud. Beer drinkers could easily wind up paying 20 percent more for their favorite brand, since that is the amount by which beer prices fell in Indiana when the Legislature there repealed a state law similar to the one Congress is trying to pass.

The beer industry says that prices would not rise in the absence of competition between distributors of the same brand because there would still be competition between different brands. But brewers successfully spend hundreds of millions of dollars each year to convince people to insist on their brand. After hearing for years about Budweiser's exclusive beechwood aging process, many people insist on Bud, "the king of beers." Others believe that "when it's time to relax, Miller stands clear." Still others have been persuaded that "when you're out of Schlitz, you're out of beer." And there are those who consider themselves lucky to be able to buy Stroh's — at any price — having seen an Englishman come all the way to America, and Martians all the way to earth, just for a Stroh's. Thus, the most important competition is not between different brands but between distributors of the same brand, particularly since so few brewing companies compete against one another: Only six companies account for more than 83 percent of all sales nationwide, with Miller and Anheuser-Busch together accounting for more than half.

Brewing companies and beer distributors also argue that distribution monopolies are necessary to guard against stale beer. However, many far more perishable products — for example, milk and bread — have long been successfully distributed without the aid of territorial monopolies. Moreover, regardless of how beer is distributed, it is in the best interest of everyone in distribution to sell only fresh beer if they want to remain in business.

The beer industry says that beer

monopolies should be legal because in 1980 Congress legalized soft-drink monopolies. The soft-drink bill, however, was terrible legislation: Since its passage, according to the National Licensed Beverage Association, soft-drink prices have risen so fast that bars now often pay more for soft drinks than for beer. Opponents of the soft-drink bill argued that if it passed, Congress would be unable to resist other industries' pleas for special exemptions from antimonopoly laws; the beer industry seems intent on proving those opponents right.

It took the soft-drink industry seven years to get its bill passed. But the beer-monopoly bill is on a much faster track. Since the bill's introduction in mid-1981, the National Beer Wholesalers Association, with members in every Congressional district, has orchestrated an intensive grassroots lobbying effort in cooperation with the United States Brewers Association. The wholesalers' association has also formed a political-action committee to contribute to Congressional candidates' campaigns. The goal of the committee, known as Sixpac, is to raise \$250,000 this year. The association has conferred other benefits on members of Congress. For example, it has given Jack Brooks, Democrat of Texas, who first introduced the beer-monopoly bill in the House, a \$5,000 campaign contribution, a trip to Las Vegas for himself and his wife and a \$1,000 fee for a speech. He has also received more than \$6,000 in campaign contributions from individual beer distributors.

The beer industry's lobbying and largesse has gotten results. In little more than a year, 278 of the 435 Congressmen and 65 of 100 Senators have co-sponsored the bill. The House Monopolies Subcommittee, on which Mr. Brooks sits, is likely to vote on the bill soon after the Labor Day recess. While the attempt to raise beer prices is clearly a bipartisan effort, in the House ironically it seems to be the Democrats — traditionally the party of the working man — who are trying hardest to raise the price of the working man's beverage.

Many members of Congress don't want to vote against the bill because they don't want to lose the beer industry's support. But while there are 4,500 beer wholesalers and a handful of major brewing companies in this country, there are 72 million beer drinkers. They may not be able to contribute to campaigns or pay for free trips to Las Vegas, but they do vote.

Jay Angoff is a lawyer for Public Citizens' Congress Watch, a public-interest group founded by Ralph Nader.



Dreams And Energy

By Wright Morris

self-expression, self-promotion, there is a marked decline in self-fulfillment. Is it the self, or the expectations, that have been oversold?

At the moment of this nation's greatest confidence and expansion our expectations were remarkably non-explicit. We were simply expectant. Some may have found it a state of grace. The teen-age boy on the corn-stripping platform of the rural Midwest, waiting for the next train to Chicago, was the unit of boundless energy available to the emerging American century. Neither in gold or silver, nor in coal, oil or gas, nor in the harnessing of steam or the damming of rivers, but in the simple, separate and private person were the untapped energies of the future. What we describe as psychic in human affairs, and we do so because we are ignorant, was the

common property of Americans who shared the expansive sentiments of the new century. These sentiments crystallized around the word "dream," and the American dream is a psychic phenomenon.

No American word is so charged with energy as the word "dream." Where the circumstances are favorable this word radiates life-enhancing forces. These dreams are not of the nighttime, and sleep, but of wide-eyed, daytime self-intoxication, characterized by the generation and release of remarkable energies. Insofar as we have an energy problem, it may not lie where we are looking, in the diminishing reserves of nature, but in the confusion that now exists in our dreaming imaginations. We understand dimly, if at all, how dreams become realities, but we intuit that great expectations generate exceptional conceptions, as evident in space flight and exploration, and that only the conceptual truly makes things new. The simple, separate person, as envisaged by Whitman, seeded with dreams and pregnant with expectations, is still our one inexhaustible source of energy.

Wright Morris is author of "Will's Boy: A Memoir" and numerous novels.



Myths Shape a Movie From Australia

By MICHAEL SPECTER

The movie begins after civilization has ended. Its characters have names such as "Gyro Captain," "Feral Kid," and the ineffably evil "Humungus." The hero is a man named Max, a laconic wanderer doomed to travel through the wasteland of a post-apocalyptic Australia, endlessly searching for gasoline to fuel his car.

Vicious marauders dot the barren land, and as the narrator explains in a prologue to the film, "Only those mobile enough to scavenge, brutal enough to pillage," could possibly survive.

If this all sounds pretty dismal, it is; but "The Road Warrior," an Australian film directed by George Miller, offers a compelling vision of a world that has been overcome by conflict. It is a world in which Max, the disaffected loner, ultimately finds he has a responsibility to other people — a responsibility he would rather avoid. "The Road Warrior," which has been released in waves throughout the country since late May, will open in New York on Friday.

The film — which is a sequel to Mr. Miller's first feature, "Mad Max" — has received wide critical praise for its imagination and intensity, but it has variously been described as primitive entertainment, an adult version of a fantasy film, or a high-tech update of a classic Hollywood western.

Mr. Miller has been called "the Diaghilev of demolition derbies," and this film has been referred to as "Shane in black leather." But his wit and tal-



Clad in leathery armor, Mel Gibson portrays the hero of "The Road Warrior," a post-apocalyptic vision of Australia directed by George Miller, at right, who calls it "a hybrid: part Hollywood, part samurai, part European art film."



ent have been acknowledged as well. Vincent Canby, writing when "The Road Warrior" first appeared last spring at the New Directors/New Films series, noted that in "its stripped-down, cannily cinematic

way, it's one of the most imaginative Australian films yet released in this country."

While "The Road Warrior" shares much of the distinctive flavor of the "New Wave" of Australian films —

most notably in its striking visual texture, and its reliance on the wide outdoors rather than studio shots — Mr. Miller's films are much more openly commercial and purposefully abrasive than most Australian films released in this country.

"I certainly don't want this film to be seen purely as an escapist fantasy," said Mr. Miller. "That is all there, sure, but a movie that only stimulates you on that basic emotional level is not very effective."

"This is a mythological tale, and Max takes a journey and learns some things about himself during it. You can compare it to a western — I grew up on them and they are very important to me — but I think this kind of story is told over again in many cultures. 'Road Warrior' is a hybrid: part Hollywood, part samurai, part European art film."

The 37-year-old director now lives in Sydney, but he was raised in the rural "deep North" of Australia, where he became an ardent film fan at an early age. He was a "Saturday matinee fanatic," and he freely concedes that much of the pleasure of his childhood can be traced to the local movie house. As with most of his Australian contemporaries, American films were his main form of entertainment and his explicit style can easily be connected to the forthright tradition of Hollywood movies.

"My influences are the montage directors," he said. "Hitchcock, Carol Reed, Howard Hawks. The guys who cut the movies in their head before any of the film was ever shot."

Although Mr. Miller was devoted to movies, until recently Australia was never a country with a thriving film industry. It never seriously occurred to him to become a filmmaker as a child, and so he attended medical school. But by the time he graduated, he had begun working on several film projects, and for two years he supported his forays into filmmaking by working as a doctor.

He was involved in what he describes as "literally the first film workshop in Australia," and he feels deeply attached to the small but growing film community in his country.

By the time he had developed the screenplay for "Mad Max" — the story of a young highway patrol officer who battles a gang of outlaw bikers — Mr. Miller was in the business to stay. That film, which was easily the most commercially successful Australian film ever released in Europe, firmly established Mr. Miller as an important member of the "New Wave" of directors from his country.

"Mad Max" earned more than \$20 million in rentals outside the United States, and "The Road Warrior" — which cost \$4 million to make, and is called "Mad Max 2" outside this country — is performing significantly better than the original film.

Arts & Leisure

But directing "Mad Max" also introduced Mr. Miller to some of the unpleasant realities of his new profession.

"Making 'Mad Max' was a very unhappy experience for me," Mr. Miller said. "I had absolutely no control over the final product, it was just grabbed out of my hands. But, to my surprise, it succeeded everywhere but in the United States and Canada. There was strong pressure to make a sequel, and I felt we could do a better job with a second movie."

"In the first story, Max was transformed from a relatively normal man to a monster character, which is where he started the second film. But by the end of it all, he senses a new order."

The new order imposes itself on Max in a brutal way. His violent picaresque journey ends in a cataclysmic chase scene with the tribal marauders racing after him, trying to capture the tanker of gasoline that he is driving. In the end, neither he nor his enemies win, but the message — that war amounts to nothing — is not lost on him.

While Mr. Miller does not regard this film as frivolous, he does acknowledge its reliance on myth and fantasy and he finds it curious that some people are reading so much into a relatively simple plot. He never intended the film to carry a ponderous statement about some future world.

"If I had to make a documentary of the future of a world after the holocaust," he says now, "I wouldn't have made that film."

"The Road Warriors" is anything but an old-fashioned feature film, (the hero not only fails to get the girl, he ignores her completely). But Mr. Miller spent a great deal of time with the actors — many of whom never speak a line in the film — going over their characters with them, and he is convinced that solid acting is still the key to any good movie. He also worries that a dependence on expensive special effects can detract from the purpose of a film.

"Special effects are there to serve the story," Mr. Miller said. "Your basic job as a director is to be a storyteller. If you find that you are putting all your energy into the machinery of a production you can very easily miss what is most important about your job. A good moment on an actor's face

will always have more power to it than the fanciest illusion."

While "The Road Warrior" is at times graphically violent, Mr. Miller attempted to avoid anything visual that was gratuitous. "I don't want to see blood and guts on the screen," he said. "A good horror flick will often keep the monster just out of the screen. I tried to do this, too. What's out of the frame is always more effective than what is in the frame."

"But violence is a part of us, and I don't think that we understand it very well," he continued. "There is an ugly side to each of us, and I have tried to communicate it. I know sometimes people don't like to hear that. But if you make concessions to the audience you'll get lost along the way."

Ironically, Mr. Miller explains the repugnant look of the marauders — many of them are fiercely clad, in black leather clothing and metallic collars — as an attempt to reduce the level of violence in their lives.

"There has always been great efficiency in looking vicious," Mr. Miller said. "It's what the Vikings were doing when they lit their beards before running into battle. They felt, I think with some justification, that the more bizarre and extreme they looked the less fighting they would have to do."

Mr. Miller is happy with the "The Road Warrior," and although he feels comfortable with the genre, he has decided that the second part of Max's story will be the last part. "My next film is a naturalistic political drama based on a constitutional crisis we had in Australia in 1975," he said. The film, called "The Dismissal," will be shown as a six part mini-series on Australian television. The story tells how the Governor General of Australia dismissed the Prime Minister in 1975, invoking a clause, called "the reserve power of the crown," which has not been used by the monarchy in more than 200 years. (There is a five year moratorium on dramatizing political events in Australia, which is why Mr. Miller has had to wait until now to make the film.)

He was also to have directed one of the four segments of the Warner Bros. film "The Twilight Zone," but, because Vic Morrow, one of the stars, and two young Vietnamese children were killed recently while filming another of the segments, Mr. Miller is now unsure about the future of the project.

FILM VIEW

VINCENT CANBY

Charting Careers of Directors

Without always being aware of it, those of us who are interested in the work of a particular filmmaker automatically commit ourselves to that career and impose on it a shape, whether the career embraces four films or 40. We discern beginnings, middles and ends, highpoints and lows, themes and variations, which may or may not have much to do with the reality of that same career viewed at a later date.

This need to impose shape comes naturally, I suppose. It's another attempt to bring order out of chaos, to see logic in a progression of events that frequently defies logic.

When we feel disappointed with the way the work of a filmmaker is going — with the shape of the career as we see it — we express that disappointment as dispassionate criticism though, more often than not, it has the tone of moral outrage. It's the sort of pained righteousness that has in recent years greeted the work of two of our most original, most independent and most prolific filmmakers, Rainer Werner Fassbinder and Woody Allen. Moral outrage is the last refuge of the jilted film buff.

These thoughts are prompted principally by the American premiere of "Lola," one of the last films to be completed by Fassbinder before his death in June, at the age of 36, from what were described as the effects of drugs combined with alcohol. The news was a shock but none of us was much surprised.

When you stopped to think about it, Fassbinder's death seemed inevitable. After all, here was a man who had been going at such a breakneck pace it seemed impossible

'Lola' represents Fassbinder at the peak of his unpredictable powers.

he could continue. Since 1969, he had turned out approximately 40 films, in addition to pieces for television and the theater, all of which he wrote as well as directed. He was courting emotional as well as physical exhaustion.

There was also the matter of his private life. He was frank to the point of being intimidating about his homosexuality. There was something unforgivably arrogant about his playing the title role in "Fox and His Friends," a Marxist parable about a naive, working class homosexual who is ruthlessly exploited in the overdecorated salons of the middle class.

Equally disturbing were his politics, which were unreliable at best. In the mid-70's he appeared to take a dumbfoundingly romantic view of terrorism and then later, in "The Third Generation," he turned terrorism into a joke, but in terms that suggested that he might be moving from the far left to the far right.

Fassbinder's last film to be released in New York before his death, "Lili Marleen," was, for me, a terrific disappointment — too full of in-jokes, too obsessed with style, too precious to have the impact of his earlier work. He seemed to be running out of air, which was not surprising the way I saw the shape of his career as it approached death arrived. He was through anyway.

Then, however, along comes "Lola" and knocks that theory into a cocked hat. "Lola," which he made right after "Lili Marleen," represents Fassbinder at the peak of his unpredictable, not easily analyzable powers. It ranks with the best work of his short, intense career, alongside "Katzelmacher," "The Bitter Tears of Petra von Kant," "Effi Briest," "Despair," "In a Year of 13 Moons" and "The Marriage of Maria Braun." Which

shares with "Lola" Fassbinder's searing vision of post-World War II West Germany.

"Lola" borrows its central situation from Josef von Sternberg's 1930 classic, "The Blue Angel," about the tragic downfall of a fussy old schoolmaster (Emil Jannings) at the hands of a sleazy cabaret siren (Marlene Dietrich), but beyond that point, and the fact that both heroines are named Lola, the two films are not to be compared.

Fassbinder's "Lola" is set in 1955, as West Germany's "economic miracle" is gathering horrendous force, in a small city that seems to be Coburg (pop. 42,300) in Bavaria, though I'm not sure if we're meant to make an issue of that. Its Lola (Barbara Sukowa) also works in a cabaret/whorehouse and is a stunning-looking creature but she's not your usual femme fatale. She can be bought but she isn't cheap.

Like the somewhat more virtuous Maria Braun, Lola is a quick study in the ways of the world and is out to get her piece of the bourgeois action, along with the other hustling, technically more respectable business people of Coburg. Lola's specific goal is the ownership of the cabaret where she stars, to put it in trust for her illegitimate infant daughter, fathered by the city's leading and most successfully crooked contractor.

The unwitting, at first, and then quite willing victim of Lola's ambition is a handsome, perfectly mannered aristocrat named von Bohm (Armin Mueller-Stahl), who comes to Coburg as the city's new building commissioner. The downfall of the idealistic von Bohm is precipitous but not exactly tragic. In Mr. Fassbinder's satirical view of things, it's almost a happy ending, that is, for everybody except those few people who care about good, clean government and who, in a Fassbinder film, remain forever off-screen.

Far from looking like a film by a director at the end of his tether, "Lola" looks like the work of someone moving on to a new, higher plateau of accomplishments. Though the film's principal roles are played by people new to the Fassbinder stock company, they are supported by actors, some of whom do little more than walk-ons, who have been with the director since 1969. These familiar faces, belonging to Hark Bohm, Udo Kier, Harry Baer and Gunter Kauffmann, provide the continuity as the filmmaker moves from one phase of his career to the next.

"Lola" reminds us of how much we have lost in the death of this rare talent.

The expressions of moral outrage directed toward Fassbinder's films are understandable. Some of them — "Jail Bait," "Chinese Roulette" and "Satan's Brew" — have been so chilly that about the only evidence of the filmmaker's commitment to anything has been the obvious passion with which he made the films. Much more difficult to understand have been the sounds of wounded alarm prompted by Woody Allen's two most recent films, 1980's "Stardust Memories" and now "A Midsummer Night's Sex Comedy."

The mob that once adored Woody has turned on him. It's almost as if people feel that Woody (1) has been too successful for his own good, (2) hasn't been humble enough in the face of popular acclaim, and/or (3) must continually surprise them by doing something different, but not too different. The nastiest charge is that Woody has become pretentious, though nobody can send up the public Woody character more effectively than Woody himself.

"A Midsummer Night's Sex Comedy" is a sunny, charming romp in the self-deflating Allen manner by which cultures are cross-fertilized. If Woody were a chef

he would be a very complicated place himself at the peculiar center of a very complicated, very gloomy, 19th-century Russian novel, a form that will never be the same again for me. "A Midsummer's Night Sex Comedy" is the work of a first-rate parodist. The sex being parodied here, with affection and wit, is the sex comedy of manners set in an earlier, less urgent era, in which lovers meet, pair off, break up and change places, mostly without doing permanent damage to themselves.

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Rewarding search for talent

By S.T. MERAVI/Jerusalem Post Reporter

AN ELDERLY piano-tuner recently paid a call at a modest flat in Bat Yam, where he tuned a rather aged piano. While he worked, the family's 11-year-old son hung about, watching attentively. The piano-tuner soon discovered that, without his ever having had a lesson in his life, the boy could play anything after hearing it only once. And not only did he have a perfect ear—he played with considerable warmth and feeling.

Excited, the old piano-tuner brought the news of his discovery to the attention of the America-Israel Cultural Foundation. Being the sort of organization that doesn't simply wait for budding artists to come to them for help, the Foundation hurried to Bat Yam and sought out the boy.

Shlomi Shemtov made his debut a few weeks ago at a musicale organized by the AICF at the home of Weizmann Institute of Science president Michael Sela. Little Shlomi was, to say the least, a sensation. And one member of the audience on the spot undertook to sponsor his musical studies.

This is the sort of happy story that the Foundation's new director loves to tell. "Helping to discover and to support new talent isn't the Foundation's only role," says Yossi Schiffmann. "But it certainly is one of our most satisfying activities."

In a case like Shlomi's, a patron and a recipient will develop a warm personal relationship. And the Foundation will have the pleasure of watching a young artist grow over the years.

THIS IS clearly one of the enthusiasms that brought Schiffmann, 35, to take on the job at the AICF this summer. "The roster of artists who have been nurtured during the more than 40 years of the Foundation's existence reads like a Who's Who of the arts," he says. "In music—Perlman, Barenboim, Zuckerman, Mintz. In the plastic arts—Kadishman, Karavan, Efrat, Bak. Actors, writers, dancers, video artists—you name it. With this kind of a past, it's exciting to work with the next generation of artists."

Come war or high water the AICF is determined that culture will continue to flourish in Israel. Indeed, if anything, the organization is increasing its activities this year. The yield from its basic endowment of \$28 million means a budget of about \$1.25m. for 1982-3.

Schiffmann plans more fund-raising cultural programmes like the

Weizmann musicale and has several other special projects on the boards. Programmes are also planned by the Foundation's committees abroad, and despite its name, the AICF is active in the UK and Europe.

Nearly two dozen cultural institutions in this country, ranging from Beit Hasofer to Beit Sokolow, owe their bricks at least in part to the AICF. The latest is the cultural centre at Nevot, which is to be completed by the end of this year.

The Foundation's annual Young Artists' Week has become a major event in all of the country's major cities. In addition, more than half a dozen of Israel's prime cultural institutions receive annual subsidies from the Foundation: the Israel Philharmonic Orchestra gets \$300,000, the Tel Aviv Museum \$50,000, the Beersheba Orchestra \$20,000, and about \$10,000 go into regular grants to the Camerata Singers, the Israel Chamber Orchestra, and such enrichment programmes as Omanut La'am and Zili La'am.

"All of these," says Schiffmann, "are assured of their funding for the coming year. But in fact it's long been our attitude that as an institution climbs toward a surer financial footing, we turn our attention to helping more and more individuals."

THE DIRECTOR calls the AICF's Sharetz Scholarship Programme the "jewel" of the organization. Established in 1955 and named for its first chairman, the late Moshe Sharetz, the programme can sponsor an artist from his prodigy days to his professional debut and beyond—although every recipient must undergo rigorous annual re-examination to assure renewal of support.

The programme grants awards to beginners, full-fledged students, and even to established artists and teachers who can demonstrate the need to develop in new areas. An example of the latter is a well-known local actor who recently received a six-month grant to study circus skills in the U.S.

"We have, however, been de-emphasizing study abroad," Schiffmann notes, "and for good reason. We prefer, if possible, that our artists and our money remain in this country. In the past the Foundation might have 'underwritten' four or five years for a student at Juilliard. Today we're more likely to favour a short stint abroad, or even better, to encourage both study and instruc-



Yossi Schiffmann (left), director of the America-Israel Cultural Foundation with Shlomi Shemtov. (IPPA)

tion right here in Israel.

"Our overriding principle," he states emphatically, "whenever we consider aid to any institution or individual, is always: How will the Israeli public gain from what we do?"

Schiffmann acknowledges that the AICF tends to grant more support to music than to any of the other arts. He says, however, that this is less a reflection of Isaac Stern being chairman of the organization's board in the U.S. than it is a result of the plain facts of artistic life in Israel.

"THE JEWISH state happens to be blessed with an abundance of musicians, or at least aspiring musicians," Schiffmann smiles. "We have, for example, so many pianists competing for awards that they must score 100 from each judge to get a scholarship."

I know that's rather tough. But that's one reason why anyone who holds a scholarship from the Foundation has a credit that opens doors for him anywhere in the world. We have the reputation of being the most rigorous, selective—and accurate—scholarship programme of its kind.

Schiffmann adds, however, that the AICF is making every effort to increase its activities in the plastic arts, dance, theatre arts and film, and says it will respond as the demand increases for any other art form. Schiffmann himself plays the piano and is a walking encyclopedia of classical music, opera and *lieder* but holds a degree from Tel Aviv University in English literature (a *sabra*, he is fluent in English, German and French); he's been an arts critic for *Davar*, and before taking his present job he produced a variety of cultural programmes for Kol Yisrael and hosted Israel Television's "Half Past Eight" arts-and-talk show. Just to ensure that he knows how to disburse funds, he also has ten years' experience in banking and computers.

"But frankly," he says, "I can think of few jobs more rewarding than being in on the discovery and encouragement of our artists. I don't do any judging myself, but I sit in on as many auditions as possible. It's just plain exciting—that's my reward." The larger reward, of course, is the cultural enrichment this eventually brings the country, and the *havod* our artists bring Israel in the world at large.

colour range and length of blooming of these flowers.

When transplanting or re-potting these perennials, use compost or other organic fertilizers but no fresh manure. During the frosty winter months, day lilies should be heavily mulched.

RE-POTTING of plants is a simple operation, but beginners can easily make a number of mistakes. It isn't possible to lay down common rules for soil mixtures, size of containers, firmness of potting and so on, but anyone who knows a few salient facts should be able to carry on without difficulty.

In most cases re-potting should be done when the roots have taken hold of all the soil in the pot and before they become matted around the outside.

When you don't spot any roots at the surface of the pot, but your plant hesitates to grow and even shows signs of degeneration, check the condition of the roots in the following way:

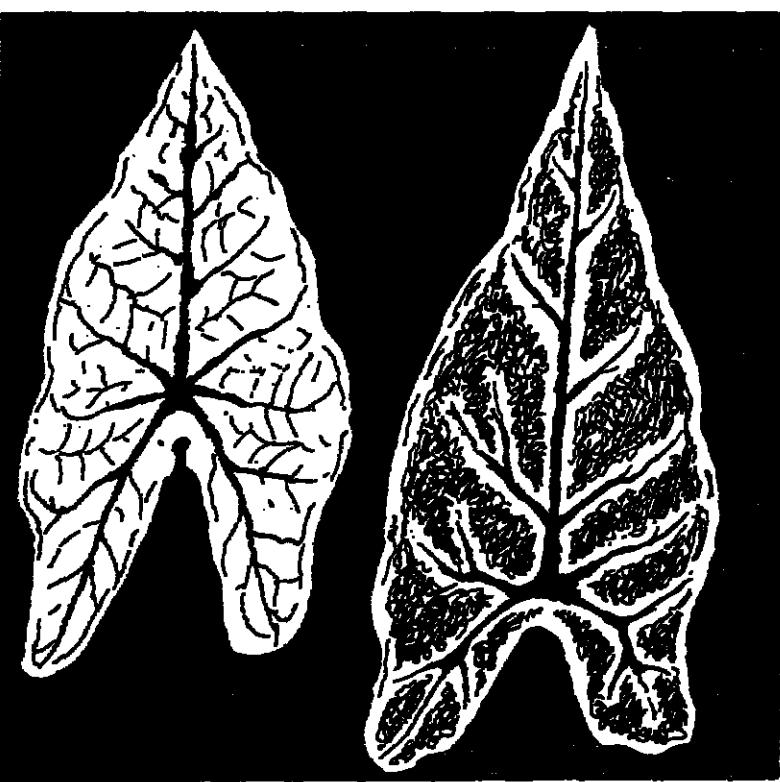
Put one hand palm downwards over the top of the pot with the plant stem between your fingers. With the other hand, grasp the bottom of the pot, turn the plant upside down and, taking care not to damage stem of foliage, give the rim of the pot a sharp downward knock on the edge of a work table or a brick. One of the biggest mistakes made by amateurs when re-potting is to use too large a pot, apparently believing, but wrongly so, that the greater the amount of soil, the better the growth. When an oversized pot is used, much of the soil may become sour and unhealthy before the roots reach it.

It's much better to use a smaller pot, which will comfortably house the roots, and to re-pot according to the growth of the plant.

When re-potting, don't forget to cover the drainage hole of the new pot with a flat stone or potsherd. Put some of your soil mixture over the covered drainage hole and then place the plant in the middle of the pot, so that its "collar" (the original soil level) will be about 3-4 cm. lower than the rim of the new pot. This will allow sufficient addition of new soil (with compost) around the roots of the plant and over the surface.

Firm down the added soil mixture with your fingertips. Finally tap the pot several times on the table. Water carefully and place the pot in the shade for about a week and then move the plant to its permanent home.

A re-potted plant will not respond with intensive growth immediately. It takes time until it becomes accustomed to its new home. Re-potted plants need a little extra care. They should be kept in a shaded spot with a moist atmosphere until they have fully recovered from their move.



Caladium leaves

Colourful ideas

GARDENER'S CORNER/Walter Frankl

dahlias, dropping their foliage during their period of dormancy. Most caladiums start their rest period in late August or early September, and this is why I mention this now, so you'll be able to save your plant.

Stop watering and lift the tuber when all leaves have faded. Remove the offspring bulblets and later plant them separately in small pots for propagation. Re-pot the main tuber in a new soil mixture of equal parts red soil, sand or vermiculite and peat. In place of peat, well-rotted, old compost may be used.

Keep all caladiums dry in a cool and shady place. Start watering in late February.

Caladiums should never be exposed to a temperature higher than 22°C. They thrive in half-shade and even in shade. Spray daily during summer heat waves, water regularly and feed once a week. Use half a teaspoon of organic or chemical fertilizer. Stop watering again in late August or early September, as the leaves begin to wilt, and then re-pot again. With this treatment, your attractive house plant will last for many years, and multiply and save you money.

Day lily (*hemerocallis* in Latin and Hebrew). Many plants might be considered the most beautiful perennial, but few can rival the day lily for garden durability and

usefulness. They grow well in swampy spots that don't drain well and thrive in every soil if watered sufficiently. They must be controlled, or they will crowd out all but the hardiest of other plants. My solution is to plant day lilies in big pickle tins.

They bloom in spring and early summer, and their lovely flowers last for longer than a week. Every day a new bud opens for 10-12 hours. These flowers are not only beautiful, but impress by their adaptability, thriving in full sun or light shade.

Day lilies can also be used as a ground-cover between spring-flowering bulb flowers. When the foliage of tulips and daffodils, for instance, begin to be unsightly, the day lily foliage unfolds and covers it.

Dahlias and the vibrant colours of canna lilies blend beautifully in the summer garden. The large, decorative tubers of caladium and colourful tuberous begonias too are two bulb flowers that can be used as companion plants for day lilies in the shade. I suggest buying day lily plants being offered now by nurseries in plastic bags or little tins, and re-pot them before they become dormant. In recent years hybrid varieties have been developed that greatly increase the

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THE JERUSALEM POST

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Menahem-Av 27, 5742 • Shawwal 26, 1402

Agreement in sight

JUDGING from the reports of yesterday's meetings in Jerusalem, U.S. mediator Philip Habib now has smooth sailing. If all goes well, the exodus of the PLO forces from West Beirut could begin early next week.

Mr. Begin and the cabinet apparently decided that Israel could now show more flexibility on secondary issues, such as the procedures of the PLO's withdrawal and the timing and stationing of the international force that is to supervise the withdrawal. That flexibility derived from the firm assurances Mr. Habib had earlier submitted that the PLO was committed to departing, and the states that would accept them were in line.

These developments raise two immediate questions. Was there any sense at all to the heavy bombings of West Beirut last Wednesday and Thursday which caused so many casualties and brought so much discredit upon Israel? For it would appear that at that time the major elements of the agreement were already in place. Certainly it is noteworthy, as Haim Bar-Lev, a former chief of staff, has already pointed out, that with the cessation of Israel's bombing, the PLO also appears to have stopped its violations of the cease-fire.

Secondly, how long does the government intend to keep the army in Beirut after the PLO's withdrawal is completed? Or to state the matter differently, what are the conditions the government believes necessary for a return of the troops?

Held in the grip of the West Beirut issue, the cabinet has so far, according to ministers themselves, failed to confront the larger issue of how to extract Israel from Lebanon in a manner that will promote a new structure of peace.

Once the PLO has departed from Beirut, the IDF's continued presence there will only serve to entangle Israel more deeply in Lebanon's internal political difficulties. That is not a happy outlook and could becloud the prospects for developing a new relationship with Lebanon.

The problem is connected, of course, with the continued Syrian military presence in northern and eastern Lebanon. For Israel is on record as linking its military departure with the departure of the Syrian forces. This presents both a problem and an opportunity. For negotiations over a Syrian withdrawal could be drawn on a larger canvas, embracing the broader subject of Israel's relations with Syria, including a settlement over the Golan Heights. However, such talks, if they were indeed possible, with U.S. help, would be long, complex and difficult. In the meantime, Israel would remain stuck in Lebanon.

There are those who contend that, with the departure of the PLO from Beirut, Israel should immediately withdraw the army to the 40 kilometre security strip for which the war was ostensibly fought in the first place, disengaging from Beirut's politics and from the present front-line facing the Syrian army in Lebanon.

Had the government known what it was plunging into when it launched the war in Lebanon, there would today be more clarity about these problems, or it might have managed the war differently to avoid them. But failing that, the government must now, urgently, address them.

SHORTSIGHTED BEHAVIOUR

Menachem Begin, instead of going on from his historic peace-making with Egypt, is allowing some of his colleagues to divert him into misguided policies in the West Bank which can only cause a rift in relations with the U.S. This is the view expressed here by a former State Department official who wishes to remain anonymous.

MUCH IS being written about the possibility of a shift in U.S. policy toward the Middle East. The expectation among many is that the Reagan Administration will alter its approach to the Middle East, adopting a position that is less closely identified with and sympathetic to Israel. As one who believes that U.S. and Israeli destinies are linked in the region and that U.S.-Israeli strategic cooperation is essential for U.S. interests, I am disturbed by this prospect and what it might mean over time.

While ominous sounds about policy shifts or reassessments are not new to U.S.-Israeli relations, this time things may be different. The principal reasons are not to be found in the changing of the guard in the State Department or in any particular desire to appease the Arabs. Rather the principal reason is to be found in the behaviour of the current Israeli Government and the cumulative effect its behaviour has had on senior members of the Reagan Administration, Congress and important segments of the American public.

Even Israel's strongest friends within the U.S. government — who have endured much as they defended Israeli actions and argued for sensitivity to Israeli concerns — have begun to feel that it is time for the U.S. to get much tougher with this Israeli Government.

Ironically, this attitude grows in part out of the conclusion that Begin and Sharon understand only toughness and take any other U.S. behaviour as providing them free rein. It also stems from a belief that neither U.S. nor Israeli interests can continue to afford Israeli policies — particularly those on the West Bank — which seem so shortsighted.

While Israel's friends, like myself, will fight fundamental U.S. shifts away from Israel — to ensure that none think that a wedge can be driven between the U.S. and Israel — many of us have concluded that we must come out much more vigorously in opposition to the Israeli policies we oppose.

I don't say this as a traditional Arabist, whose eagerness to appease the Arabs is exceeded only by his disregard for Israeli security. I also don't say this as one who thinks that administration policy toward the Middle East in general, and Israel in particular, has been without mistakes — mistakes, clearly, have been made.

Rather than taking advantage of the domestic and regional assets, for example, to put a real security strategy in place, the Reagan Administration squandered its political resources by focusing all its attention and energy on selling AWACS to the Saudis. It is making the same mistakes the Carter Administration made by building up the Saudi role in a way that is not only unrealistic, but also bound to make the Saudis even less politically able to cooperate with the U.S.

Washington was slow to spell out Israel's role in U.S. strategy and

pursued strategic cooperation so grudgingly that the Israelis had good reason to question whether the U.S. would ever pursue it.

Just as the U.S. failed to be tough with the Arabs about Israel's strategic role — by making it clear that the Saudis and others would not be allowed to veto strategic cooperation with Israel — so too the Reagan Administration was not firm enough in expressing opposition to Israeli West Bank policies generally and settlement policies specifically. And the U.S. waited far too long to get serious about accelerating the pace and level of its involvement in the autonomy negotiations, raising doubts about U.S. commitment to Camp David and missing an opportunity for progress in the peace process.

By not objecting where it should have and by not pursuing policies that would have really given the Israeli government a stake in moderation, the U.S. may have contributed to some Israeli actions. Nevertheless, America's mistakes do not justify Israeli policies that lack a sense of proportion and political realism, and that so clearly, and some argue intentionally, undermine U.S. interests elsewhere in the region.

ALL TOO OFTEN the behaviour of this Israeli Government seems to have been designed to be gratuitous — as if guided by a belief that extreme behaviour on marginal issues enhances credibility on more central ones. While there may be some truth to this, the costs and consequences of such an approach are bound to be high.

At a minimum, behaving in this way tends to make Israel's legitimate and necessary security concerns less credible and compelling, and, for some, more difficult to discern. Beyond this, such behaviour erodes the basic sympathy that Israel has in the U.S. (and elsewhere) — and, of more immediate significance, makes it easier for senior decision-makers to convince a president (whose sympathies toward Israel are strong and deeply rooted) that the U.S. must impose limits on Israel to prevent its "rogue" behaviour from destroying Washington's position in the Middle East.

This is not to suggest that Israel must never take bold unilateral steps when its security is threatened. History makes it clear that Israel must be prepared to act in its own defence, because it can never depend on anyone else. (Events in 1967 proved that vividly.) But when Israel takes bold unilateral steps — and imposes political costs on the U.S. as well as itself — the threats must be real. No serious observer can deny that the Iraqi nuclear programme posed a very dangerous threat to Israel — and one which Israel had reason to believe would only be lessened by military action.

Similarly, no sovereign nation that had the means to prevent it would have tolerated the kind of

threat the PLO posed to Israel's northern frontier over the past 12 years. Again, the Israeli move to create a strategic buffer in Southern Lebanon was both understandable and justifiable, and the basic thrust of the president's response to it reflects an understanding of what drove Israel to act.

However, there has been no understanding — nor could there have been — of other Israeli actions:

□ the bombing of Beirut last year was an act that made little strategic sense and cost Israel moral high ground. It occurred shortly after Prime Minister Begin agreed with Washington that there was a mutual need to avoid surprising each other and to take each other's interests into account before acting.

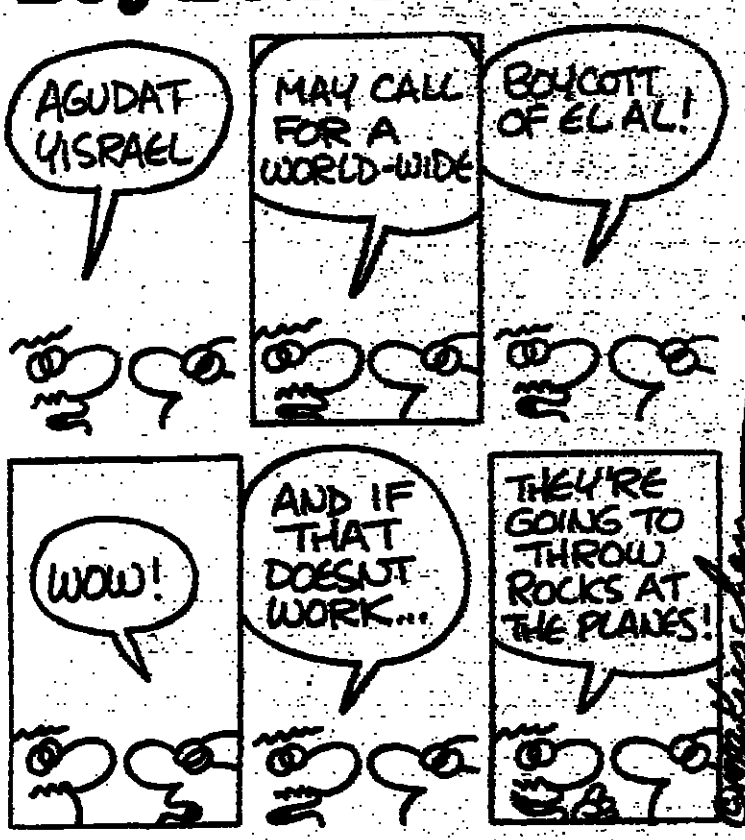
□ the extension of Israeli law to the Golan Heights ("annexation") to the rest of the world was a political act that in no way enhanced Israel's security on the Golan, occurred two weeks after the conclusion of the "Memorandum of Understanding," and was carried out in a way clearly designed to preempt a U.S. response.

□ West Bank policy, culminating in the firing of Gaza Mayor Rashid Shawwa and perhaps the upcoming removal of Bethlehem Mayor Elias Freij, suggests a desire to preempt the Camp David process, accept only a sham autonomy arrangement, and deal with local Palestinians only if they are willing to be totally subject to Israeli will. (Freij's firing, in particular, would confirm this impression, given his public and private declarations that the Palestinians must recognize Israel and live in peace with it.)

More than anything else, it is Israeli behaviour on the West Bank and in Gaza that seems so incredibly short-sighted and so reflects an inability to think through the consequences of actions. Driving to Beirut with the aim of driving the PLO out, but without a plan that could be implemented quickly at acceptable cost, might be deemed merely a failure of foresight; while hardly laudable, such a failure may result from both the fog and momentum of this particular war. But Israeli policies in the West Bank occur in no such fog; they are quite purposeful and seem almost deliberately oblivious to the consequences for U.S.-Israeli relations and for Israel itself over time.

ISRAELI ATTEMPTS to create a "bantustan-type" autonomy, or worse to annex the area, will never be accepted by the U.S. and will surely make it more difficult to convince American decision-makers that Israel's security border on the east must be the Jordan River. It will also alter, perhaps fundamentally, Israel's standing in the U.S. If there is any doubt that this could happen, consider the angry reception Prime Minister Begin received on Capitol Hill — the branch of the U.S. Government that has historically been Israel's staunchest supporter and protector against executive branch tendencies

Dry Bones



"to tilt" toward the Arabs. Consider the statements by strong and important friends of Israel like Senator Henry Jackson that reflect great concern about the direction of Israeli policies and that leave no doubt that "Prime Minister Begin's policies have hurt Israel's standing in the U.S."

Consider also the increasingly anti-Israel bias of the U.S. media and the searing impact its coverage of Lebanon (and the West Bank) has had on the consciousness of most Americans and on their image of Israel.

While the polls may not yet show a loss of public support for Israel, the gradual effect of anti-Begin editorials and anti-Israel statements by opinion-molders is yet to be felt — and it could be significant over time.

Prime Minister Begin may choose to delude himself and the Israeli public about the level of U.S. support for Israel and particularly his ability to manage the U.S.-Israeli relationship. However, as someone who has a consuming interest in this subject and is a close observer of political trends, I am troubled by the changes in attitude I see taking shape both within and outside the government. More Israeli-induced shocks could trigger actions by the administration and by Congress that may be difficult to reverse and that may set dangerous precedents for the future.

This may not only hurt Israel, but it is also likely to damage U.S. interests in the region, particularly if it leads the Arabs to think that they need not make peace with Israel, because Israel is losing U.S. support. That could mislead the Arabs into thinking that their military option could be feasible in time and increase the Israeli impulse toward preemption; neither serves U.S. interests.

THE POLICIES of Prime Minister Begin's government have not only damaged U.S.-Israeli relations; but they are they are also doing damage to Israel. There is increased cynicism about the government, spreading even to the military. There is also erosion of respect for the law, as the government is seen to acquiesce in Israeli settler vigilante in the territories.

Though the prime minister likes to say that "everything is negotiable, except the destruction of Israel," the policies of his government seem to be leading in that direction.

In particular, Israel cannot absorb 1.1 million Arabs (with a higher birthrate than the Jewish population) without becoming a binational state. Prime Minister Begin's response to this charge has always been "have faith, everything will work out."

But the question is, how? By expelling the Arab population of the territories as Gush Emunim would like to do? That seems impossible practically, and, in any case, that would surely cross a U.S. "red

line." By giving the Arabs in the territories limited administrative autonomy in the hopes that this and periodic crackdowns and shows of force will keep them quiescent and obedient? That might work but only at high cost to the moral fabric of Israel and to the government's relations with Israel's Arabs. (The younger generation of Israeli Arabs are increasingly nationalistic, identify with the popular stirrings on the West Bank, and may themselves become more active in response to violence in the territories.)

Or, perhaps, by attracting hundreds of thousands of new immigrants to maintain a Jewish majority in Eretz Yisrael? This might be the most desirable, but is probably also the least likely. Large numbers are not coming now, and more are not likely to come, particularly not when they have such trouble identifying with Israeli policies and aims.

THAT THE Begin government's policies spell trouble for Israel internally and in its relations with the U.S. is ironic; after all, Menachem Begin is the one who ran risks for peace with Egypt and withstood extremist pressures not to deliver on Sinai withdrawal. For that he deserves great credit.

Moreover, at the present moment, Israel stands on the threshold of a potentially great opportunity; if the PLO is forced to leave Beirut and if a credible autonomy agreement is achieved, West Bank and Gaza Palestinians of some standing might well join in the Camp David process. The Saudis and Jordanians might give their tacit support for them doing so. The PLO, the Soviets, the Syrians, etc., would be preempted and isolated and a much more favourable political map in the Middle East might be achieved. And Menachem Begin would essentially be the architect of all this.

Were this to take shape, Menachem Begin would achieve what Ben-Gurion never could — peace with Israel's neighbours and a formal strategic alliance with the U.S. That is the opportunity.

Unfortunately, the Begin government's narrow approach to autonomy and its policies on the West Bank, which seem designed to rid themselves of anyone who might be a serious interlocutor, almost guarantee that this opportunity will be lost. Against a backdrop of unilateral and gratuitous acts, this is sure to create a crisis in U.S.-Israeli relations and a crisis within Israel itself.

In concluding the peace treaty with Egypt, Menachem Begin wrote a new and unprecedented chapter in Israeli history. His promise and legacy seemed great. But the ill-conceived plans and ideological attachments of some of his ministers and supporters may frustrate this promise and leave an unhappy legacy — one of reduced U.S. support for Israel and division and doubt at home.

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READERS' LETTERS

INAUGURATION OF GREAT SYNAGOGUE

To the Editor of The Jerusalem Post Sir, — We ought to be grateful to Mayor Teddy Kollek for having spoken what seems to be the only sane word about the extravaganza that desires to be known as the Jerusalem Great Synagogue.

He made mention of 20 other synagogues which could also have been built in the new Jerusalem neighbourhoods, had a less luxurious edifice been erected at Hechal Shlomo. Let us be less guarded and say that it would have been to the much greater glory of God had half of the more than 14 million dollars spent on this ostentatious show-piece been used for the improvement of life in the poorer neighbourhoods, for instance on education, youth centres, summer camps, etc. In order to pray, Jews do not need a variant of Westminster Abbey.

THE ECONOMIST

August 14, 1982

- Next steps for Israel and Arabs
- The Exodus from West Beirut
- The P.L.O.-P.O.Ws.
- American Survey: It gets less easy to support Israel

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THANK YOU, ISRAEL

To the Editor of The Jerusalem Post

Sir, — As a Christian who cares, I would like to express my disgust at the European press and politicians who have condemned Israel for her actions in Lebanon.

I would like to say a big thank you to Israel for ridding the Middle East of the PLO threat and Europe of the training camps for terrorist organizations. I would also like to thank Israel for getting rid of an IRA training camp and for liberating the Lebanese people.

In spite of what English politicians say, quite a few English people think as I do.

DAVID LINGS
 Wimborne, Dorset.

Leaving aside religious grounds, I submit that the architecturally impressive Great Synagogue is important to Jerusalem on civic grounds alone and that the Mayor should have been at the dedication.

J.J. YESHER
 Jerusalem (New York).

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